

Contains Highly Confidential Information

billion. If the net value of the exchange-traded derivatives and associated collateral is added to this (a net value about which Barclays lacked information at the time of the transaction and realized only by taking the risk when acquiring those assets with limited information), then the total value of the financial assets booked on the acquisition balance sheet is approximately \$50.2 billion.

115. On the liability side, Barclays paid \$45 billion in cash in connection with the Fed Replacement Repo (GAB line 40); made compensation-related payments and commitments totaling approximately \$2 billion (GAB lines 45 & 52); made cure payments of approximately \$238 million (GAB line 41 shows \$220 million; Mr. Romain testified that subsequent payments increased this amount); paid \$250 million in cash to the DTC (GAB line 55); and paid the assessed value of the real estate, which was approximately \$1.3 billion (GAB lines 56 & 57). Those liabilities total approximately \$48.8 billion. Although, as I have discussed above, it is somewhat misleading to unpack what was a unitary transaction and attempt to match up particular sets of assets and liabilities, I have done so in order to address some of the points that the Movants appear to be trying to make.

116. Specifically, the Movants appear to assert that the Transaction was supposed to be more or less a wash in the sense that the financial liabilities plus the estimated cure and compensation liabilities would roughly equal the value of the financial assets. Without agreeing that this fairly describes the agreed Transaction, I analyze how the final results stack up against that concept. Excluding the \$1.3 billion cost of the buildings and the \$250 million paid to the DTC (which the Movants appear to attribute to the non-financial assets purchased by Barclays) Barclays "paid" approximately \$47.2 billion — comprising the \$45 billion cash payment in connection with the Fed Replacement Repo, approximately \$2 billion in compensation-related

Contains Highly Confidential Information

payments and commitments, and approximately \$238 million in cure payments for the financial assets. In addition, Barclays assumed the liabilities associated with the LBI exchange-traded derivatives accounts, which I will initially treat separately below. In exchange, Barclays was to receive financial assets worth approximately \$47.8 billion — comprising \$45.546 billion worth of Fed Replacement Repo collateral, \$1.492 billion worth of clearance box assets, and \$769 million in other securities — plus exchange-traded derivatives accounts that as of the Sale Hearing (and, for that matter, as of the Closing) were of unascertainable value. Setting to one side, for the moment, the exchange-traded derivatives accounts, if one analyzes the financial assets and liabilities by characterizing the \$47.2 billion that Barclays “paid” (summarized above) for the \$47.8 billion worth of financial assets consisting of the Repo Collateral, Clearance Box Assets, and 15c3-03 Assets, then the difference between those assets and liabilities is only approximately 1.2% — which is very close to a mathematical wash. Given the extraordinary level of uncertainty which prevailed that week, that is closer to a “wash” than anyone could reasonably have expected at the time given the uncertainty on both the asset and liability sides of the transaction.

117. In the previous paragraph, I set the exchange-traded derivatives accounts to one side because they represent a different kind of asset for at least two reasons. First, they were a Purchased Asset that included liabilities directly associated with them: by acquiring the exchange-traded derivatives, Barclays acquired “out of the money” positions and settlement obligations, as well as any “in the money” positions and any margin collateral deposited in the accounts. Thus, if the value of the exchange-traded derivatives is to be included in the analysis, then the value of those liabilities and risks also must be included. Second, Barclays appears to have been unable to get any reliable information before the closing as to the potential liability

Contains Highly Confidential Information

and asset values associated with taking on the exchange-traded derivatives accounts. Barclays neither knew *nor could have known or even roughly estimated* the net value of these accounts as of the time of the Sale Hearing. As it turned out, the exchange-traded derivatives accounts had a net day-one value *to Barclays* of approximately \$2.4 billion, and could thus be viewed to have contributed to that portion of Barclays' day-one gain not attributable to the non-financial assets. But that is an ex post measurement of value; ex ante, there was no way to tell what, if any, value they would have to Barclays or what, if any, effect they would have on Barclays' acquisition accounting.⁸⁰ In my opinion, given the uncertainty surrounding the value of these accounts at the time, and given the risks Barclays took on by assuming all the liabilities and settlement obligations associated with these accounts, it was reasonable for Barclays to receive the benefit of the unknown value associated with these accounts. Moreover, if LBI had not transferred the exchange-traded derivatives accounts to Barclays, there was a significant risk that some or all of the net value in those accounts would have been lost. As Lehman's counsel informed the Court at the Sale Hearing, the day before that hearing the Chicago Mercantile Exchange had closed out all of Lehman's positions on that exchange, resulting in a loss to Lehman of \$1.6 billion.⁸¹ And, on the night before the Closing, the OCC warned that: *"If the transaction does not close tonight, OCC would need to immediately liquidate and close out the LBI accounts and is preparing to do so."*⁸² Had the OCC and the other exchanges, clearing corporations, or custodians liquidated and closed out LBI's accounts, it could reasonably have been expected to

⁸⁰ See, e.g., Sept. 22, 2008 3:30 p.m. EST email chain from S. King to L. James, T. Stack, A. Kaplan, D. Joshi, S. McKenna, J. Hughes, and N. Moreira: "[i]t is clear that [Lehman] has absolutely no idea what its [OCC] risk position is. We know it is between 2bn short and 4bn long. They do not know what has been booked to what entity. We cannot see. We are now 4 days into making zero progress on this with them."

⁸¹ Sept. 19, 2008 Hearing Tr., page 61.

⁸² Sept. 21, 2008 4:03 p.m. email from McDaniel to Rosen.

Contains Highly Confidential Information

result in the loss of most or all of any net value in those accounts, or even in deficits that would have become claims against LBI.

118. Finally, in addition to analyzing the exchange-traded derivatives accounts separately (as above), I have analyzed all of the financial assets and liabilities together. On the one hand (again, adopting for purposes of this analysis the Movants' concept that the \$250 million in cash and the payments for the Buildings should be excluded from consideration), Barclays paid \$45 billion in cash and assumed liabilities for cure and compensation obligations under the contract, *plus* the liabilities and settlement obligations associated with the exchange-traded derivatives.⁸³ On the other hand, Barclays received assets that were of highly indeterminate value at the time of the transaction, but that were ultimately determined to have had a "fair value" of \$50.2 billion. Under the uncertain and emergency circumstances of this transaction, and given the illiquid nature — and highly uncertain values — of huge portions of the inventory received, that difference between the assets and the liabilities reflects a reasonable gain on the acquisition. Stated differently, I do not believe that, absent the Transaction, it would have been reasonable at the time, or is reasonable now, to believe that Lehman would have received greater value in a liquidation of the assets purchased by Barclays. To the contrary, the contemporaneous conclusion that Lehman would not receive greater value for those assets in a liquidation was well founded and reasonable. Thus, as I discuss further below, given the substantial uncertainty about the value, and even the identity, of the assets and certain of the liabilities, Barclays' reported gain is reasonable, unsurprising, and fair to the Sellers.⁸⁴ It is also

⁸³ As I note above, this is a potentially misleading way to view the Transaction.

⁸⁴ Again, I note that, as discussed above, due to factors that the applicable accounting rules do not permit to be taken into account, the actual economic value of the Trading Portfolio Securities to Barclays was less than the reported accounting valuation.

Contains Highly Confidential Information

consistent even with the Movants' conception of the Transaction as roughly a "wash" in which the financial assets would roughly equal the financial liabilities plus cure and compensation.

C. Barclays' Accounting Gain on the Acquisition Does Not Indicate That Barclays Obtained a Secret or Unfair Discount

119. The Movants attempt to depict Barclays' announcement of an accounting gain on the Acquisition as something nefarious, and as confirmation that Barclays somehow benefited unfairly from the Acquisition. For example, according to the Debtor's Motion, "Given what has now been revealed in discovery [e.g., the alleged undisclosed discount and the alleged significant and intentional inflation of the consideration Barclays was to pay], it is not particularly surprising that, in February 2009, Barclays announced it had enjoyed a gain of \$4.2 billion 'on acquisition' of the Lehman assets. This immediate gain . . . was attributable to '*[t]he excess of the fair value of net assets acquired over consideration paid . . . on acquisition.*'" [Dramatic bold italics added by Debtors.] In fact, given the risks for Barclays, market conditions, and other relevant considerations, it was not unreasonable nor should it have been unexpected for Barclays to report an accounting gain on its acquisition of LBI's North American broker-dealer businesses.⁸⁵

120. Barclays' acquisition of LBI's North American broker-dealer operations was not unique in generating negative goodwill and an accounting gain on acquisition for the buyer. In fact, because of difficulties in valuing the assets held by financial institutions, because of the great uncertainty in financial markets, and because of the dire outlook for the financial institutions generally, negative goodwill and an accounting gain on acquisition were common features of transactions involving financial institutions in 2008 and early 2009. Exhibit 8 shows

⁸⁵ In the footnote on acquisitions in its 2008 Results Announcement, Barclays summarized four different acquisitions it completed in 2008, including its LBI acquisition. Barclays reported negative goodwill and an accounting gain on three of these four acquisitions.

Contains Highly Confidential Information

that similar results obtained in a number of transactions in the financial services industry in 2008 and 2009. Indeed, Barclays publicly announced two days before the September 19, 2008, Sale Hearing that it expected the transaction to result in a day-one accounting gain of \$2 billion, post-tax.⁸⁶

121. Given the risks for Barclays, market conditions, and other relevant considerations, it was not unusual, unexpected, or unreasonable for Barclays to report an accounting gain on its acquisition of LBI's North American broker-dealer businesses. Contrary to the Movants' assertions, Barclays' reported accounting gain on the Acquisition does not in any way imply that Barclays paid less than Lehman would have received in a liquidation of the financial assets acquired in the Transaction. To the contrary, as explained above, it is unreasonable to believe that Lehman could have received more in a liquidation, and it would have been especially unreasonable to conclude this at the time of the transaction, given the uncertain and illiquid nature of a huge portion of the assets being transferred. Moreover, the proposition that any rational bidder would have paid more under these circumstances — given the risk and uncertainty inherent in the Transaction — is in my view untenable and inconsistent with the observed fact that no other bidder offered to do so.

⁸⁶ The Movants have contended that the transaction described in the original APA — as distinct from the Transaction actually consummated — was intended to be a “wash” with the assets Barclays was to receive “basically equivalent” to the liabilities it would assume. Given the uncertainty as to the identity and the value of the financial assets and liabilities generally described in the original APA even as of September 16, absent a post-closing true-up mechanism, it would be impossible for anyone reasonably to conclude that the transaction outlined in the APA would with certainty, or even probably, be a “wash” three days later at the anticipated closing. Moreover, the transaction in its entirety as outlined in the APA cannot fairly be characterized as a “wash.”

Contains Highly Confidential Information

VI. Benefits of the Acquisition

122. The potential benefits of the Transaction, both private and public, were clear to many interested parties and informed observers. For example, the Federal Reserve Bank of New York supported the transaction, “[r]ecognizing that Barclays’ offer provided an opportunity for an orderly transfer of thousands of customer accounts, as well as the possibility of preserving the jobs of thousands of LBI employees.”⁸⁷ The SEC also supported the Transaction. According to SEC Chairman Christopher Cox, the announcement that Barclays intended to acquire the business and assets of Lehman Brothers, Inc., was “welcome news for every one of Lehman’s customers. If approved by the court, customers will be able to look forward to an immediate transition of their accounts. Even before the transaction is completed, they will benefit because the broker-dealer and 10,000 Lehman employees will be able to continue their work with clarity about their future, and with greater funding resources for the broker-dealer’s operations.”⁸⁸ The U.S. Commodity Futures Trading Commission also was supportive; according to the Commission’s acting chairman, Walt Lukken, “Today’s purchase by Barclays provides for an orderly transfer of customer accounts — this is a strong and positive development for the customers of Lehman’s futures business.”⁸⁹

123. Throughout the sale approval process, the Sellers, their counsel, their bankers, their regulators, and other interested parties unequivocally represented to the Court that the Transaction with Barclays was the best alternative — better than no transaction and better than any alternative transaction — for Lehman, its employees, and its creditors. The analysis in this

⁸⁷ Leventhal Declaration at ¶7.

⁸⁸ “Statement on Proposed Acquisition of Lehman Brothers, Inc., by Barclays,” SEC Press Release, September 17, 2008.

⁸⁹ “CFTC Statement Regarding Barclays Purchase of Lehman Futures Business,” Commodity Futures Trading Commission Press Release No. 5552-08, September 20, 2008.

Contains Highly Confidential Information

section shows that these views were informed and reasonable and, with high probability, have proved accurate. In addition, Barclays' acquisition of the Businesses was reasonably considered likely to have, and almost certainly had and continues to have, significant public benefits, ranging from the preservation of jobs in New York City and elsewhere to freeing up resources at the Federal Reserve and Treasury at a time when both institutions were stretched extremely thin. In addition, and perhaps most important, the Transaction was reasonably believed likely to have, and likely had, a calming effect on global financial markets at a critical time of substantial threat to the viability of these markets. In hindsight, with financial markets now appearing to be stabilized and in an economy that appears to be recovering, it is easy to forget or minimize the risks in September 2008 of a total collapse of financial markets with extremely serious consequences including the possibility of a depression.

A. Benefits for the LBHI and LBI Estates, Lehman Creditors, and Lehman Customers

124. To say that the days leading up to September 16, 2008, were stressful and difficult days for LBHI and LBI and for their creditors and customers is an understatement. Extensive reporting on the events of the weekend before indicates that LBHI had no reasonable alternative to filing for bankruptcy. Furthermore, since LBI's funding was integrated with LBHI, a filing by LBHI necessarily meant that LBI could continue to operate only with extraordinary support (which initially came from the NY Fed). By all accounts, the firm had no cash, and no ability to pay operating costs. Thus the outlook was for an immediate collapse of LBI and an immediate cessation of all activity by LBI as a broker-dealer.

125. In essence, what the Transaction did was to prevent an immediate collapse of LBI and substitute an orderly transition of much of the firm into Barclays and allow for an orderly winding down of the rest. For obvious reasons, it is hard to assess with precision how this

Contains Highly Confidential Information

orderly transition would have compared to a free fall that, fortunately, did not occur. But it is certainly fair to conclude, as I do, that the contemporaneous belief that the Transaction would be beneficial in this regard was reasonable.

126. Statements by Bryan Marsal, the restructuring professional appointed to serve as Lehman's Chief Restructuring Officer, confirm my assessment. So far as I know, Mr. Marsal has not addressed the additional costs that a "free fall" of LBI would have entailed. But he has assessed the additional costs arising from the "free fall" of LBHI, in part by contrasting the outcome of LBHI's "free fall" with the transition of Bear Stearns into JP Morgan Chase. Mr. Marsal states as follows:

"After we did our due diligence, after we started to understand the assets, the inventory of assets and the realistic value of the assets, the structure, and we understood what the bankruptcy completions [sic] were, the question was raised by a reporter, you know, why does this situation contrast so much versus Bear Sterns [sic]; was this so much worse than Bear Sterns [?]"⁹⁰

Mr. Marsal believes that the answer to this question is that LBHI was allowed to collapse, while Bear Stearns' was merged into JP Morgan Chase:

"[T]he only reason this [LBHI's demise] is going to be so much worse than Bear Sterns [sic] was an orderly transfer to J.P. Morgan. This was a free-fall bankruptcy."⁹¹

Mr. Marsal then was asked the difference in cost between a "free fall" and an orderly transition into another firm:

"And they said what's the cost of that difference in treatment? The answer was \$50 to \$75 billion, based on discussions that I had internally with my teammates, what do you think the answer to that question would be, \$50 to \$75 billion. That's the whole consensus of this."⁹²

⁹⁰ Transcript of 341 Meeting of Creditors, *In re: Lehman Brothers Holdings Inc., et al.*, Case No. 08-13555 (JMP) (SDNY Jan. 29, 2009), pages 124-125.

⁹¹ 341 Meeting of Creditors Tr., Jan. 29, 2009, page 125.

⁹² 341 Meeting of Creditors Tr., Jan. 29, 2009, page 125.

Contains Highly Confidential Information

Elsewhere Mr. Marsal makes clear that this was not just his personal opinion, but in fact reflected the informed views of his team of professionals:

“[W]e went around the room and we wanted to get an assessment on what the loss was going to be, based on the loss had we had an orderly versus the free fall that we’ve experienced, and everyone around the table felt comfortable saying \$50 to \$75 billion based on what they knew about the portfolio was a comfortable if not low estimate of the cost.”⁹³

127. Mr. Marsal also explained the consequences of a collapse on security prices and the sellers’ proceeds from sales. —According to the *Wall Street Journal*, “Mr. Marsal also criticized the way Lehman sold off assets. The unplanned bankruptcy pushed down prices for Lehman assets in an already depressed market.”⁹⁴ Barclays sold off the assets it acquired in the Transaction over several months, in a reasonable orderly process. But for the Transaction it is highly likely that this sell off would have occurred in a more hectic setting, which means, as Mr. Marsal acknowledges and as common sense suggests, that proceeds from sales would likely have been considerably less than Barclays received.

128. Indeed, given the market conditions, the significant uncertainty regarding asset values (and even asset identity), the reasonable perception that any transaction needed to be completed within days of the bankruptcy filing, the consequent inability to do more than minimal due diligence for a transaction of this size and complexity, and the risks inherent in investing tens of billions of dollars in securities and the financial services industry in the face of some of the worst economic conditions since the Great Depression, no rational purchaser would have paid more for the assets that Barclays purchased than Barclays did based on what was known and

⁹³ 341 Meeting of Creditors Tr., Jan. 29, 2009, page 110.

⁹⁴ Jeffrey McCracken, “Lehman’s Chaotic Bankruptcy Filing Destroyed Billions in Value,” *Wall Street Journal* (Dec. 29, 2008).

Contains Highly Confidential Information

knowable at the time. That no competing bidders offered to do so was unsurprising at the time, and it continues to be unsurprising now given all the factors discussed above.

129. Furthermore, it is my view that it was reasonable to believe at the time, and is reasonable to conclude today, that the fire-sale which would have ensued absent the Transaction would have been worse for creditors and other interested parties.

130. The benefits of the Transaction for LBI's customers have been acknowledged by the SIPA Trustee, who wrote: "The Account Transfers allowed former LBI account holders to access billions of dollars of assets held in hundreds of thousands of LBI accounts promptly following the largest broker-dealer liquidation filing in history."⁹⁵ According to the Trustee, the account transfers to Barclays benefitted approximately 85,000 individual account holders and involved the transfer of customer cash and securities valued at nearly \$43.2 billion.⁹⁶

131. The transfer of accounts to Barclays (and others) was accomplished "with only minimal disruption," but was not entirely without problems, in part because some securities were not available for delivery due to assertion of liens by custodial banks or other causes. According to the Trustee, "to maintain market stability . . . Barclays sold or transferred, at [customers'] request, securities appearing on their Barclays statements, even though the Trustee had not yet transferred those securities to Barclays."⁹⁷ This accommodation by Barclays was a further benefit to LBI customers.

⁹⁵ Trustee's Second Interim Report for the Period May 30, 2009 through November 11, 2009, page 7. The Account Transfers to which the Trustee refers include the transfer of LBI Private Investment Management customer accounts to Barclays, the transfer of Private Asset Management (Neuberger Berman) customer accounts to a management group, and the transfer of prime brokerage accounts.

⁹⁶ Trustee's Second Interim Report, page 9.

⁹⁷ Trustee's Second Interim Report, page 9.

Contains Highly Confidential Information

132. The Movants themselves either urged the Court to approve the Transaction or, in the case of the Creditors Committee, did not oppose it "based on the lack of a viable alternative."⁹⁸

B. Public Benefits

133. At the conclusion of the Sale Hearing, Judge Peck approved the Transaction, stating that:⁹⁹

"I am completely satisfied that I am fulfilling my duty as a United States bankruptcy judge in approving this transaction and in finding that there is no better or alternative transaction for these assets, that the consequences of not approving a transaction could prove to be truly disastrous. And those adverse consequences are meaningful to me as I exercise this discretion. The harm to the debtor, its estates, the customers, creditors, generally, the national economy and global economy could prove to be incalculable.

"Moreover, it's not just about avoiding harm. Approving the transaction secures whether for ninety days or for a lifelong career employment for 9,000 employees at Lehman, and holds together an operation the value of which is really embedded in the talent of the employees, their knowledge, their relationship, their expertise and their ability to create value to the economy."

134. After analyzing this Transaction and the events that led up to it, reviewing the record compiled to date, and considering the Movants' claims and my own analysis of those claims, my opinion is that the Court's findings about the benefits of approving the Transaction were reasonable when made and have been borne out by events.

C. Conclusion

135. Barclays' acquisition of LBI's North American broker-dealer businesses was reasonably expected to benefit, and with high probability did benefit, the Estates, Lehman's creditors, and Lehman's customers. The Acquisition also was reasonably expected to generate,

⁹⁸ Sept. 19, 2008 Hearing Tr., page 67.

⁹⁹ Sept. 19, 2008 Hearing Tr., page 250.

Contains Highly Confidential Information

and has in fact generated, significant public benefits. Had Barclays not acquired the Businesses, whether because no agreement could be struck or because approval of the Transaction had been withheld by the Court, it is virtually certain that the LBHI and LBI estates, Lehman's creditors, and Lehman's customer all would have been worse off. And it was certainly reasonable to reach that conclusion at the time.

Paul Pfeleiderer

Contains Highly Confidential Information

APPENDIX ONE

RESUME OF PROFESSOR PAUL PFLEIDERER

PAUL PFLEIDERER, Ph.D.

OFFICE

Graduate School of Business
Stanford University
Stanford, CA 94305-5015
(650) 723-4495
(650) 725-6152 (FAX)
pfleiderer_paul@gsb.stanford.edu(email)

HOME

897 Newell Road
Palo Alto, CA 94303
(650) 323-2708

UNDERGRADUATE STUDIES

Yale University, BA, Economics, 1976

GRADUATE STUDIES

Yale University, Ph.D., Economics, 1982

Field of Concentration:

Financial Economics

Other Fields:

Economics of Information

Econometrics

Thesis:

"Private Information, Price Variability and Trading Volume," a consideration of the role heterogeneous private information plays in conditioning volume and price movements in a rational expectations model.

Thesis Committee:

Stephen A. Ross

Philip Dybvig

Lawrence Weiss

EXPERIENCE

2004-present C. O. G. Miller Distinguished Professor of Finance, Graduate School of Business, Stanford University

1996-2004 William F. Sharpe Professor of Financial Economics, Graduate School of Business, Stanford University

1992-1995 Professor of Finance, Graduate School of Business, Stanford University

1986–1992 Associate Professor of Finance, Graduate School of Business, Stanford University
1981–1985 Assistant Professor of Finance, Graduate School of Business, Stanford University
1979–1981 Research Assistant for Professor Stephen Ross, Yale University
1977–1980 Research Assistant for Professor John M. Quigley, Yale University
1979 Teaching Assistant, Yale University, Department of Economics, Graduate Level Microeconomics course

HONORS AND AWARDS

NSF grant, 1993–1995 (with Anat Admati).

Q-Group grant (with Anat Admati), 1989.

Prize for the best paper published in the first volume of the *Review of Financial Studies*, for “A Theory of Intraday Trading Patterns: Volume and Price Variability” (with Anat Admati), 1987.

Co-winner of NYSE Prize for the best paper in the RFS-WFA-NYSE Market Microstructure Symposium, 1990 for “Sunshine Trading and Financial Market Equilibrium” (with Anat Admati).

Robert M. and Anne T. Bass Fellowship, AY 1987–88 and 1989–90.

Recipient of Batterymarch Fellowship, Academic year 1988–89.

Graduated from Yale University Magna Cum Laude with distinction in major field of economics.

Phi Beta Kappa from Yale College.

PUBLICATIONS AND RESEARCH PAPERS

“A Note on the Effect of Costs Changes on Prices” in the *Journal of Political Economy*, February 1983, pp. 182–185, with Jeremy Bulow.

“Interpreting the Factor Risk Premia in the Arbitrage Pricing Theory” in the *Journal of Economic Theory*, February 1985, pp. 191–195, with Anat Admati.

“Delegated Portfolio Management” in the *Journal of Economic Theory*, June 1985, pp. 1–25, with Sudipto Bhattacharya.

"A Monopolistic Market for Information" in the *Journal of Economic Theory*, July 1986, pp. 400-438, with Anat Admati.

"On Timing and Selectivity" in the *Journal of Finance*, July 1986, pp. 715-730, with Anat Admati, Sudipto Bhattacharya and Stephen A. Ross.

"Viable Allocations of Information in Financial Markets" in the *Journal of Economic Theory*, Vol. 43, October 1987, pp. 76-115, with Anat Admati.

"A Theory of Intraday Trading Patterns: Volume and Price Variability" in the *Review of Financial Studies*, Vol. 1, March 1988, pp. 3-40, with Anat Admati.

"Selling and Trading on Information in Financial Markets" in the *American Economic Review*, Papers and Proceedings, May 1988, pp. 96-103, with Anat Admati.

"Direct and Indirect Sale of Information" in *Econometrica*, Vol. 58, July 1990, pp. 901-928, with Anat Admati.

"Divide and Conquer: A Theory of Intraday and Day-of-the-Week Mean Effects" in the *Review of Financial Studies*, Vol. 2, 1989, pp 189-223, with Anat Admati.

"Sunshine Trading and Financial Market Equilibrium" in the *Review of Financial Studies*, Vol. 4, 1991, pp. 443-482, with Anat Admati.

"Underestimation of Portfolio Insurance and the Crash of October 1987" in the *Review of Financial Studies*, Spring, 1992, pp. 35-63, with Allan Kleidon and Charles Jacklin.

"Trading on Information in Financial Markets" in *The New Palgrave Dictionary of Money and Finance*, 1993, with Anat Admati.

"Trading Volume" in *The New Palgrave Dictionary of Money and Finance*, 1993, with Anat Admati.

"Robust Financial Contracting and the Role of Venture Capitalists," *Journal of Finance*, June, 1994, with Anat Admati.

"Large Shareholder Activism, Risk Sharing, and Financial Market Equilibrium," *Journal of Political Economy*, 1994, with Anat Admati and Josef Zechner.

"Should Firms Use Derivatives to Manage Risk?," in *Risk Management: Problems and Solutions*, McGraw Hill (William H. Beaver and George Parker, eds.1995), with David Fite.

"Does it All Add Up? Benchmarks, and the Compensation of Active Portfolio Managers," *Journal of Business*, 1997, with Anat Admati.

"Forcing Firms to Talk: Externalities and Financial Disclosure Regulation," *Review of Financial Studies*, 2000, with Anat Admati.

"Broadcasting Opinions with an Overconfident Sender," *International Economic Review*, 2004, with Anat Admati.

"The Wall Street Walk and Shareholder Activism: Exit as a Form of Voice" (with Anat Admati), *Review of Financial Studies*, 2009.

"The Volume of Trade and The Variability of Prices: A Framework for Analysis in Noisy Rational Expectations Equilibria," Working paper, 1984.

"The Role of Country and Industry Effects in Explaining Global Stock Returns," Working paper, 1997, with Terry Marsh.

"Why Nasdaq Market Makers Use Even-Eighths Quotes: A Model of Quote Clustering in Dealer Markets," Working paper, 1998, with Allan Kleidon.

"The 2008-2009 Financial Crisis: Risk Model Transparency and Incentives," Working paper, 2009, with Terry Marsh.

"Increased-Liability Equity: A Proposal to Improve Capital Regulation of Large Financial Institutions," Working paper, 2009, with Anat Admati.

RESEARCH IN PROGRESS

"Governance with Diverse Shareholders and Hedging" (with Anat Admati and Chester Spatt)

"Disclosure by Informed Large Shareholders, Voting, and Corporate Decisions" (with Anat Admati)

"Misrepresentation and Penalties in Financial Disclosure" (with Anat Admati)

PRIOR TESTIMONIES

In re Broadcom Corp. Securities Litigation (C. Dist. Cal.)

Unsecured Creditors Committee of Iridium v. Motorola, Inc. (Bankr.)

In the Matter of the Arbitration Between Margo Piscevich, et al. v. Associated Securities Corp., et al. (NASD Dispute Resolution)

In re iXL Enterprises, Inc., Initial Public Offering Securities Litigation (S.D.N.Y.)

Contains Highly Confidential Information

APPENDIX TWO

LIST OF DOCUMENTS AND OTHER MATERIALS REVIEWED AND CONSIDERED

Bates Number Documents

BCI-EX 00185186
HHR_00000194
HHR_00000195
HHR_00000196
HHR_00000491
HHR_00000492
HHR_00000493
HHR_00000685
HHR_00000686
HHR_00000687
HHR_00001774-HHR_00001775
HHR_00001776
HHR_00001777
HHR_00006310-HHR_00006312
HHR_00006313-HHR_00006480
LAZ-C-00050306
LBHI 004083
LBHI 004083
LBHI_SEC07940_92774-927779
MTHM0000139
MTHM0000140
BCI000002-BCI015744
BCI-EX-00185186
JPM-BARCAP0000001 – JPM- BARCAP0003898.TXT (with gaps)
JPM-60(b)00003982 - JPM-60(b)00005917.XLS (with gaps)
JPM-BARCAP0000001 – JPM- BARCAP0003898.TIF (with gaps)
JPM-BARCAP0000001 – JPM- BARCAP0003844.XLS (with gaps)

Contains Highly Confidential Information

Deposition Transcripts

Deposition of Alastair Blackwell, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 7, 2009).

Deposition of Alex Kirk, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 31, 2009).

Deposition of Archibald Cox, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 11, 2009).

Deposition of Bart McDade, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 2, 2009).

Deposition of Bryan Marsal, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Dec. 22, 2009).

Deposition of Daniel Joseph Fleming, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 28, 2009).

Deposition of David Petrie, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 26, 2009).

Deposition of Eric Jonathan Felder, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Jul. 31, 2009).

Deposition of Gary Romain, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 10, 2009).

Deposition of Gerard LaRocca, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 19, 2009).

Deposition of Hugh McGee, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 10, 2009).

Deposition of Ian Lowitt, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 20, 2009).

Deposition of James B Kobak Jr., *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Dec. 7, 2009).

Deposition of James Hraska, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 14, 2009).

Deposition of James Seery, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 3, 2009).

Deposition of Jasen Yang, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 4, 2009).

Deposition of Jerry del Missier, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 1, 2009).

Contains Highly Confidential Information

Deposition of John Coghlan, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 13, 2009).

Deposition of John Rodefald, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 27, 2009).

Deposition of John Varley, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 3, 2009).

Deposition of John Varley, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 11, 2009).

Deposition of Mark J. Shapiro, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 7, 2009).

Deposition of Martin Kelly, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 18, 2009).

Deposition of Martin Kelly, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Nov. 20, 2009).

Deposition of Michael Klein, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 12, 2009).

Deposition of Mike Keegan, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 28, 2009).

Deposition of Nancy Denig, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 21, 2009).

Deposition of Paolo Tonucci, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 14, 2009).

Deposition of Patrick Clackson, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 4, 2009).

Deposition of Paul Exall, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 27, 2009).

Deposition of Philip E. Kruse, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Dec. 17, 2009).

Deposition of Rich Ricci, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 8, 2009).

Deposition of Robert Azerad, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 17, 2009).

Deposition of Robert Edward Diamond Jr., *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 11, 2009).

Deposition of Saul Burian, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Dec. 17, 2009).

Contains Highly Confidential Information

Deposition of Stephen King, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 10, 2009).

Deposition of Steven Berkenfeld, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 6, 2009).

Deposition Exhibits

Exhibit 1	Exhibit 26	Exhibit 51	Exhibit 73B
Exhibit 2	Exhibit 27	Exhibit 52	Exhibit 74B
Exhibit 3	Exhibit 28	Exhibit 53	Exhibit 75B
Exhibit 4	Exhibit 29	Exhibit 54	Exhibit 76B
Exhibit 5	Exhibit 30	Exhibit 55A	Exhibit 77B
Exhibit 6	Exhibit 31	Exhibit 55B	Exhibit 78B
Exhibit 7	Exhibit 32	Exhibit 56A	Exhibit 79B
Exhibit 8	Exhibit 33	Exhibit 56B	Exhibit 80B
Exhibit 9	Exhibit 34	Exhibit 57A	Exhibit 81B
Exhibit 10	Exhibit 35	Exhibit 57B	Exhibit 82
Exhibit 11	Exhibit 36	Exhibit 58B	Exhibit 83B
Exhibit 12	Exhibit 37	Exhibit 59B	Exhibit 84B
Exhibit 13	Exhibit 38	Exhibit 60B	Exhibit 85B
Exhibit 14	Exhibit 39	Exhibit 61B	Exhibit 86B
Exhibit 15	Exhibit 40	Exhibit 62B	Exhibit 87B
Exhibit 16	Exhibit 41	Exhibit 63B	Exhibit 88B
Exhibit 17	Exhibit 42	Exhibit 64B	Exhibit 89B
Exhibit 18	Exhibit 43	Exhibit 65B	Exhibit 90B
Exhibit 19	Exhibit 44	Exhibit 66B	Exhibit 91B
Exhibit 20	Exhibit 45	Exhibit 67B	Exhibit 92B
Exhibit 21	Exhibit 46	Exhibit 68B	Exhibit 93B
Exhibit 22	Exhibit 47	Exhibit 69B	Exhibit 94B
Exhibit 23	Exhibit 48	Exhibit 70B	Exhibit 95B
Exhibit 24	Exhibit 49	Exhibit 71B	Exhibit 96B
Exhibit 25	Exhibit 50	Exhibit 72B	Exhibit 98

Contains Highly Confidential Information

Exhibit 99	Exhibit 130	Exhibit 148B	Exhibit 171A
Exhibit 100	Exhibit 131	Exhibit 149A	Exhibit 172A
Exhibit 101	Exhibit 132	Exhibit 149B	Exhibit 173A
Exhibit 102	Exhibit 133	Exhibit 150A	Exhibit 174
Exhibit 103	Exhibit 134	Exhibit 150B	Exhibit 175
Exhibit 104	Exhibit 135	Exhibit 151A	Exhibit 176
Exhibit 105	Exhibit 136A	Exhibit 151B	Exhibit 177
Exhibit 106	Exhibit 136B	Exhibit 152A	Exhibit 178
Exhibit 107	Exhibit 137A	Exhibit 152B	Exhibit 179
Exhibit 108	Exhibit 137B	Exhibit 153A	Exhibit 180
Exhibit 109	Exhibit 138A	Exhibit 153B	Exhibit 181
Exhibit 110	Exhibit 138B	Exhibit 154A	Exhibit 182
Exhibit 111	Exhibit 139A	Exhibit 154B	Exhibit 183
Exhibit 112	Exhibit 139B	Exhibit 155A	Exhibit 184
Exhibit 113	Exhibit 140A	Exhibit 155B	Exhibit 185
Exhibit 114	Exhibit 140B	Exhibit 156A	Exhibit 186
Exhibit 115	Exhibit 141A	Exhibit 156B	Exhibit 187
Exhibit 116	Exhibit 141B	Exhibit 157A	Exhibit 188
Exhibit 117	Exhibit 142A	Exhibit 158A	Exhibit 189
Exhibit 118	Exhibit 142B	Exhibit 159A	Exhibit 190
Exhibit 119	Exhibit 143A	Exhibit 160A	Exhibit 191
Exhibit 120	Exhibit 143B	Exhibit 161A	Exhibit 192
Exhibit 121	Exhibit 144A	Exhibit 162A	Exhibit 193
Exhibit 122	Exhibit 144B	Exhibit 163A	Exhibit 194
Exhibit 123	Exhibit 145A	Exhibit 164A	Exhibit 195
Exhibit 124	Exhibit 145B	Exhibit 165A	Exhibit 196
Exhibit 125	Exhibit 146A	Exhibit 166A	Exhibit 197
Exhibit 126	Exhibit 146B	Exhibit 167A	Exhibit 198
Exhibit 127	Exhibit 147A	Exhibit 168A	Exhibit 199
Exhibit 128	Exhibit 147B	Exhibit 169A	Exhibit 200
Exhibit 129	Exhibit 148A	Exhibit 170A	Exhibit 201

Contains Highly Confidential Information

Exhibit 202	Exhibit 233	Exhibit 264	Exhibit 287A
Exhibit 203	Exhibit 234	Exhibit 265	Exhibit 287B
Exhibit 204	Exhibit 235	Exhibit 266	Exhibit 288B
Exhibit 205	Exhibit 236	Exhibit 267	Exhibit 289B
Exhibit 206	Exhibit 237	Exhibit 268	Exhibit 290B
Exhibit 207	Exhibit 238	Exhibit 269	Exhibit 291B
Exhibit 208	Exhibit 239	Exhibit 270	Exhibit 292B
Exhibit 209	Exhibit 240	Exhibit 271	Exhibit 293B
Exhibit 210	Exhibit 241	Exhibit 272	Exhibit 294A
Exhibit 211	Exhibit 242	Exhibit 273	Exhibit 294B
Exhibit 212	Exhibit 243	Exhibit 274	Exhibit 295A
Exhibit 213	Exhibit 244	Exhibit 275	Exhibit 295B
Exhibit 214	Exhibit 245	Exhibit 276	Exhibit 296A
Exhibit 215	Exhibit 246	Exhibit 277	Exhibit 296B
Exhibit 216	Exhibit 247	Exhibit 278	Exhibit 297A
Exhibit 217	Exhibit 248	Exhibit 279A	Exhibit 297B
Exhibit 218	Exhibit 249	Exhibit 279B	Exhibit 298A
Exhibit 219	Exhibit 250	Exhibit 280A	Exhibit 298B
Exhibit 220	Exhibit 251	Exhibit 280B	Exhibit 299A
Exhibit 221	Exhibit 252	Exhibit 281A	Exhibit 299B
Exhibit 222	Exhibit 253	Exhibit 281B	Exhibit 300A
Exhibit 223	Exhibit 254	Exhibit 282A	Exhibit 300B
Exhibit 224	Exhibit 255	Exhibit 282B	Exhibit 301A
Exhibit 225	Exhibit 256	Exhibit 283A	Exhibit 301B
Exhibit 226	Exhibit 257	Exhibit 283B	Exhibit 302A
Exhibit 227	Exhibit 258	Exhibit 284A	Exhibit 302B
Exhibit 228	Exhibit 259	Exhibit 284B	Exhibit 303A
Exhibit 229	Exhibit 260	Exhibit 285A	Exhibit 303B
Exhibit 230	Exhibit 261	Exhibit 285B	Exhibit 304A
Exhibit 231	Exhibit 262	Exhibit 286A	Exhibit 304B
Exhibit 232	Exhibit 263	Exhibit 286B	Exhibit 305A

Contains Highly Confidential Information

Exhibit 305B	Exhibit 333	Exhibit 358A	Exhibit 388B
Exhibit 306A	Exhibit 334	Exhibit 359A	Exhibit 389A
Exhibit 306B	Exhibit 335	Exhibit 360A	Exhibit 389B
Exhibit 307A	Exhibit 336	Exhibit 361A	Exhibit 390A
Exhibit 307B	Exhibit 337A	Exhibit 362A	Exhibit 390B
Exhibit 308A	Exhibit 337B	Exhibit 363A	Exhibit 391A
Exhibit 308B	Exhibit 338A	Exhibit 364A	Exhibit 391B
Exhibit 309B	Exhibit 338B	Exhibit 365A	Exhibit 392A
Exhibit 310B	Exhibit 339A	Exhibit 366A	Exhibit 392B
Exhibit 311B	Exhibit 339B	Exhibit 367A	Exhibit 393A
Exhibit 312B	Exhibit 340A	Exhibit 368A	Exhibit 393B
Exhibit 313B	Exhibit 341A	Exhibit 369A	Exhibit 394A
Exhibit 314B	Exhibit 342A	Exhibit 370A	Exhibit 394B
Exhibit 315B	Exhibit 343A	Exhibit 371A	Exhibit 395A
Exhibit 316	Exhibit 344A	Exhibit 372A	Exhibit 395B
Exhibit 317	Exhibit 345A	Exhibit 373A	Exhibit 396A
Exhibit 318	Exhibit 346A	Exhibit 374A	Exhibit 396B
Exhibit 319	Exhibit 347A	Exhibit 375A	Exhibit 397A
Exhibit 320	Exhibit 348A	Exhibit 376A	Exhibit 397B
Exhibit 321	Exhibit 349B	Exhibit 377A	Exhibit 398A
Exhibit 322	Exhibit 350B	Exhibit 378	Exhibit 399A
Exhibit 323	Exhibit 351A	Exhibit 379	Exhibit 400A
Exhibit 324	Exhibit 351B	Exhibit 380	Exhibit 401A
Exhibit 325	Exhibit 352A	Exhibit 381	Exhibit 402A
Exhibit 326	Exhibit 352B	Exhibit 382	Exhibit 403A
Exhibit 327	Exhibit 353A	Exhibit 383	Exhibit 404A
Exhibit 328	Exhibit 353B	Exhibit 384	Exhibit 405A
Exhibit 329	Exhibit 354A	Exhibit 385	Exhibit 406A
Exhibit 330	Exhibit 355A	Exhibit 386	Exhibit 407A
Exhibit 331	Exhibit 356A	Exhibit 387	Exhibit 408A
Exhibit 332	Exhibit 357A	Exhibit 388A	Exhibit 409A

Contains Highly Confidential Information

Exhibit 410A	Exhibit 439	Exhibit 463B	Exhibit 484
Exhibit 411A	Exhibit 440	Exhibit 464A	Exhibit 485
Exhibit 412A	Exhibit 441	Exhibit 464B	Exhibit 486
Exhibit 412b	Exhibit 442	Exhibit 465A	Exhibit 487
Exhibit 413A	Exhibit 443	Exhibit 465B	Exhibit 488
Exhibit 413B	Exhibit 444	Exhibit 466A	Exhibit 489
Exhibit 414B	Exhibit 445	Exhibit 466B	Exhibit 490
Exhibit 415B	Exhibit 446	Exhibit 467A	Exhibit 491
Exhibit 416B	Exhibit 447	Exhibit 467B	Exhibit 492
Exhibit 417B	Exhibit 448	Exhibit 468A	Exhibit 493
Exhibit 418B	Exhibit 449	Exhibit 468B	Exhibit 494
Exhibit 419B	Exhibit 450	Exhibit 469A	Exhibit 495
Exhibit 420B	Exhibit 451	Exhibit 469B	Exhibit 496
Exhibit 421B	Exhibit 452	(color)	Exhibit 497
Exhibit 422B	Exhibit 453	Exhibit 469B	
Exhibit 423B	Exhibit 454	Exhibit 470A	
Exhibit 424	Exhibit 455	Exhibit 470B	
Exhibit 425	Exhibit 456	Exhibit 471B	
Exhibit 426	Exhibit 457A	Exhibit 472B	
Exhibit 427	Exhibit 457B	(color)	
Exhibit 428	Exhibit 458A	Exhibit 472B	
Exhibit 429	Exhibit 458B	Exhibit 473B	
Exhibit 430	Exhibit 459A	Exhibit 474B	
Exhibit 431	Exhibit 459B	Exhibit 475B	
Exhibit 432	Exhibit 460A	Exhibit 476B	
Exhibit 433	Exhibit 460B	Exhibit 477B	
Exhibit 434	Exhibit 461A	Exhibit 478B	
Exhibit 435	Exhibit 461B	Exhibit 479B	
Exhibit 436	Exhibit 462A	Exhibit 480B	
Exhibit 437	Exhibit 462B	Exhibit 481B	
Exhibit 438	Exhibit 463A	Exhibit 482	
		Exhibit 483	

Contains Highly Confidential Information

Legal Filings

Affidavit of Daniel McIsaac, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) SIPA (Bankr. S.D.N.Y. Oct. 5, 2009).

Affidavit of Ian T. Lowitt Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York in Support of First-Day Motions and Applications, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 14, 2008).

Affidavit of Service, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP)(Bankr. S.D.N.Y. Sep. 15, 2009).

Appendix to Debtor's Motion for an Order, Pursuant to Fed. R. Civ. P. 60 and Fed. R. Bankr. P. 9024, Modifying the September 20, 2008 Sale Order and Granting Other Relief: Volume I, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y.).

Appendix to Debtor's Motion for an Order, Pursuant to Fed. R. Civ. P. 60 and Fed. R. Bankr. P. 9024, Modifying the September 20, 2008 Sale Order and Granting Other Relief: Volume II, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y.).

Appendix to Debtor's Motion for an Order, Pursuant to Fed. R. Civ. P. 60 and Fed. R. Bankr. P. 9024, Modifying the September 20, 2008 Sale Order and Granting Other Relief: Volume III, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y.).

Appendix to Debtor's Motion for an Order, Pursuant to Fed. R. Civ. P. 60 and Fed. R. Bankr. P. 9024, Modifying the September 20, 2008 Sale Order and Granting Other Relief: Volume IV, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y.).

Appendix to Debtor's Motion for an Order, Pursuant to Fed. R. Civ. P. 60 and Fed. R. Bankr. P. 9024, Modifying the September 20, 2008 Sale Order and Granting Other Relief: Volume V, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y.).

Appendix Volume I to Motion of Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc., et al., Pursuant to 11 U.S.C. § 105(a) Fed. R. Civ. P. 60(b) and Fed. R. Bankr. P. 9024, for Relief from Order Under 11 U.S.C. § 105(a), 363, and 365 and Federal Rules of Bankruptcy Procedure 2002, 6004, and 6006 Authorizing and Approving (A) Sale of Purchased Assets Free and Clear of Liens and Other Interests and (B) Assumption and Assignment of Executory Contracts and Unexpired Leases, Dated September 20, 2008 (and Related SIPA Sale Order) and Joinder in Debtors' and SIPA Trustees Motions for an Order Under Rule 60(b) to Modify Sale Order, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) and Case No. 08-01420 (JMP) (Bankr. S.D.N.Y.).

Appendix Volume II to Motion of Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc., et al., Pursuant to 11 U.S.C. § 105(a) Fed. R. Civ. P. 60(b) and Fed. R. Bankr. P. 9024, for Relief from Order Under 11 U.S.C. § 105(a), 363, and 365 and Federal Rules

Contains Highly Confidential Information

of Bankruptcy Procedure 2002, 6004, and 6006 Authorizing and Approving (A) Sale of Purchased Assets Free and Clear of Liens and Other Interests and (B) Assumption and Assignment of Executory Contracts and Unexpired Leases, Dated September 20, 2008 (and Related SIPA Sale Order) and Joinder in Debtors' and SIPA Trustees Motions for an Order Under Rule 60(b) to Modify Sale Order, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) and Case No. 08-01420 (JMP) (Bankr. S.D.N.Y.).

Appendix Volume III to Motion of Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc., et al., Pursuant to 11 U.S.C. § 105(a) Fed. R. Civ. P. 60(b) and Fed. R. Bankr. P. 9024, for Relief from Order Under 11 U.S.C. § 105(a), 363, and 365 and Federal Rules of Bankruptcy Procedure 2002, 6004, and 6006 Authorizing and Approving (A) Sale of Purchased Assets Free and Clear of Liens and Other Interests and (B) Assumption and Assignment of Executory Contracts and Unexpired Leases, Dated September 20, 2008 (and Related SIPA Sale Order) and Joinder in Debtors' and SIPA Trustees Motions for an Order Under Rule 60(b) to Modify Sale Order, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) and Case No. 08-01420 (JMP) (Bankr. S.D.N.Y.).

Assumption and Assignment of Contracts Relating to the Purchased Assets, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 19, 2008).

Debtor's Motion for an Order, Pursuant to Fed. R. Civ. P. 60 and Fed. R. Bankr. P. 9024, Modifying the September 20, 2008 Sale Order and Granting Other Relief, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 15, 2009).

Debtor's Reply in Further Support of its Motion for an Order, Pursuant to Fed. R. Bankr. P. 2004, Authorizing Discovery from Barclays Capital, Inc., *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. June 23, 2009).

Debtors' First Rule 30(b)(6) Deposition Notice to Barclays on Issues Pertaining to Exchange-Traded Derivatives and Exchange Deposits Under the Asset Purchase Agreement, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 04, 2009).

Debtors' Motion to (A) Schedule A Sale Hearing; (B) Establish Sales Procedures; (C) Approve a Break-Up Fee; and (D) Approve the Sale of the Purchased Assets and the Assumption and Assignment of Contracts Relating to the Purchased Assets, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 17, 2008).

Debtors' Second Rule 30(b)(6) Deposition Notice to Barclays on Issues Relating to the Transfer of Assets, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug 4, 2009).

Debtors' Second Rule 30(b)(6) Deposition Notice to Barclays on Issues Relating to the Transfer of Assets, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug 4, 2009).

Contains Highly Confidential Information

Debtors' Third Rule 30(b)(6) Deposition Notice to Barclays on Issues Pertaining to Exchange-Traded Derivatives and Exchange Deposits, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Aug. 12, 2009).

Declaration of James B. Kobak Jr. in Support of The Trustee's Motion for Relief Pursuant to the Sale Orders or, Alternatively for Certain Limited Relief Under Rule 60(b), *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) SIPA (Bankr. S.D.N.Y. Sep. 15, 2009).

Declaration of Saul E. Burian in Support of Limited Objection of Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc., et al. to SIPA Trustee's Motion Under 11 U.S.C. § 105 and 363 and Fed. R. Bankr. P. 9019(a) for Entry of an Order Approving Settlement Agreement, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) (Bankr. S.D.N.Y. Dec. 19, 2008).

Declaration of Shari D. Leventhal in Support of Trustee's Motion for Entry of an Order Approving a Settlement Agreement, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y.).

Declaration of William R. Maguire in Support of The Trustee's Motion for Relief Pursuant to the Sale Orders or, Alternatively for Certain Limited Relief Under Rule 60(b), *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) SIPA (Bankr. S.D.N.Y. Sep. 15, 2009).

Exhibits to Order, Pursuant to Fed. R. Bankr. P. 2004, Authorizing Discovery from Barclays Capital, Inc., *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. May 18, 2009).

Hearing Transcript (excerpt), *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 17, 2008).

Hearing Transcript, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 19, 2008).

Hearing Transcript, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) and Case No. 08-01420 (JMP) (Bankr. S.D.N.Y. Jun. 24, 2009).

JP Morgan Chase Subpoena in a Case Under the Bankruptcy Code, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) and Case No. 08-01420 (JMP) (Bankr. S.D.N.Y. Oct. 27, 2009).

Letter to Honorable James M. Peck, United States Bankruptcy Judge, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) and Case No. 08-01420 (JMP) (Bankr. S.D.N.Y. Sep. 15, 2009).

Motion of Debtor and Debtor in Possession for an Order Pursuant to Fed R. Bankr.P.2004, Authorizing Discovery From Barclays Capital, Inc., *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. May 18, 2009).

Motion of Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc., et al., Pursuant to 11 U.S.C. § 105(a), Fed. R. 11 U.S.C. §§ 105(a), 363, and 365 and Federal Rules of Bankruptcy Procedure 2002, 6004, and 6006 Authorizing and Approving (A) Sale of Purchased

Contains Highly Confidential Information

Assets Free and Clear of Liens and Other Interests and (B) Assumptions and Assignment of Executory Contracts and Unexpired Leases, Dated September 20, 2008 (and Related SIPA Sale Order) and Joinder in Debtors' and SIPA Trustee's Motions for an Order Under Rule 60(b) to Modify Sale Order, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) and Case No. 08-01420 (JMP) (Bankr. S.D.N.Y. Sep. 15, 2009).

Motion Under 11 U.S.C. § § 105 and 363 and Fed. R. Bankr. P. 9019(a) for Entry of an Order Approving Settlement Agreement, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) SIPA (Bankr. S.D.N.Y. Dec. 5, 2008).

Notice of Hearing on the Trustee's Motion for Relief Pursuant to the Sale Order or Alternatively, for Certain Limited Relief Under Rule 60(b), *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) SIPA (Bankr. S.D.N.Y. Sep. 15, 2009).

Objection of Barclays Capital Inc. to Debtors' Motion for an Order Under Rule 2004 Authorizing Discovery of Barclays Capital Inc., *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. June 5, 2009).

Objection to Motion of the Debtors, Pursuant to Section 502(b)(9) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3), for Establishment of the Deadline for Filing Proofs of Claim, Approval of the Form and Manner of Notice Thereof and Approval of the Proof of Claim Form, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. June 11, 2009).

Order Under 11 U.S.C. § § 105(a), 363, and 365 and Federal Rules of Bankruptcy Procedure 2002, 6004 and 6006 Authorizing and Approving (A) the Sale of Purchase)) Assets Free An)) Clear of Liens and Other Interests An)) (B) Assumption and Assignment of Executory Contracts and Unexpired Leases, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 19, 2009).

Order Under 11 U.S.C. § § 105(a), 363, and 365 and Federal Rules of Bankruptcy Procedure 2002, 6004 and 6006 Authorizing and Approving (A) the Sale of Purchased Assets Free and Clear of Liens and Other Interests and (B) Assumption and Assignment of Executory Contracts and Unexpired Leases, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 17, 2008).

Scheduling Order Concerning Certain Motions Filed by LBHI, SIPA Trustee and Creditors Committee, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) and Case No. 08-01420 (JMP) (Bankr. S.D.N.Y. Oct. 27, 2009).

The Trustee's Joinder in Debtors' Motion for an Order, Pursuant to Fed. R. Civ. P. 60 and Fed. R. Bankr. P. 9024, Modifying the September 20, 2008 Sale Order and Granting Other Relief, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Sep. 15, 2009).

The Trustee's Motion for Relief Pursuant to the Sale Orders or, Alternatively, for Certain Limited Relief Under Rule 60(b), *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) SIPA (Bankr. S.D.N.Y. Sep. 15, 2009).

Contains Highly Confidential Information

The Trustee's Motion for Relief Pursuant to the Sale Orders or, Alternatively for Certain Limited Relief Under Rule 60(b), *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) SIPA (Bankr. S.D.N.Y. Sep. 15, 2009).

The Trustee's, Debtors' and Creditors' Committee's Second Set of Requests for Production of Documents and Things, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-13555 (JMP) and Case No. 08-01420 (JMP) (Bankr. S.D.N.Y. Dec. 23, 2009).

Trustee's First Interim Report for the Period September 19, 2008 through May 29, 2009, *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) SIPA (Bankr. S.D.N.Y.).

Trustee's Second Interim Report for the Period May 30, 2009 through November 11, 2009 *In re: Lehman Brothers Holdings Inc., et al., Debtors.*, Case No. 08-01420 (JMP) SIPA (Bankr. S.D.N.Y.).

Publicly Available Documents

Databases

Bloomberg LP

Capital IQ

Newspaper Articles, Business Commentary

"CFTC Statement Regarding Barclays Purchase of Lehman Futures Business," *Commodity Futures Trading Commission Press Release* (Sep. 20, 2008).

"North American Leisure Deal of the Year 2007 – Meadowlands Stadium: Split Decision," *Project Finance Magazine* (Feb. 2008).

"Statement on Proposed Acquisition of Lehman Brothers, Inc., by Barclays," *SEC Press Release* (Sep. 17, 2008).

Aaron Kuriloff and Michael McDonald, "NFL's Giants Redeeming \$100 Million in Auction Debt (Update3)," *Bloomberg Online*, (April 15, 2008).

Jeffrey McCracken, "Lehman's Chaotic Bankruptcy Filing Destroyed Billions in Value," *Wall Street Journal* (Dec. 29, 2008).

Judith Burns, "SEC Gives Firms More Leeway in Pricing Asset-Backed Issues," *Wall Street Journal* (Mar. 31, 2008).

Liz Rappaport, "Firms Fight Banks Over Billions in Frozen Notes," *Wall Street Journal* (Jan. 2, 2010).

Contains Highly Confidential Information

Publications by Organizations

Financial Accounting Standards Board, Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (Sept. 2006, as amended 2008), at FAS157-10 to FAS157-12.

Barclays PLC, *Results Announcement 2008* (Feb. 9, 2009).

Lehman Brothers, *Equity Linked Notes: An Introduction* (April 2001).

Webpages

Bloomberg, "About Bloomberg: Product Data," *available at* http://about.bloomberg.com/product_data.html (visited Dec. 31, 2009).

Bloomberg, "About Bloomberg: Product Equities," *available at* http://about.bloomberg.com/product_equities.html (visited Dec. 31, 2009).

Other Miscellaneous Documents

Barclays Capital, *Fixed Income Credit Products - Price Testing Policy* (Dec. 2008).

Barclays Capital, *Global Finance Credit Products - Price Testing Policy* (Aug. 2008).

Barclays Capital, *Product Control - Price Testing Policy V 1.2* (May 2009).

Gary Romain, Barclays Capital, "Lehman Acquisition Assets Summary – Post acquisition gains and losses for acquired inventory" (Jan. 2010).

PwC work papers contained in Barclays' document production in response to Document Request No. 3 of The Trustee's, Debtor's, and Creditors' Committee's First Set of Requests for Production of Documents and Things, dated October 30, 2009 (BCI-EX-00247453 – BCI-EX-00295654).

Document titled "Lehman OBS IPV Valuation Methodology_3.doc," *attached to* E-mail from Sean Teague to Tal Litvin et al., re: "Acquisition balance sheet" (Feb. 12, 2009).

E-mail from Duane McLaughlin to David Murgio et al., re: "Schedules A and B for Filing – FINAL" (Sep. 29, 2008) *with attached excel workbook*.

Email from James McDaniel to Edward Rosen, re: "Understandings relating to the transfer of LBI's accounts at OCC" (Sep. 21, 2008).

Email from Michael McGarvey to Francis Pearn and Gerard Reilly, re: "Here's the summary from the 12th" (Sep. 16, 2008 14:23 GMT) *attaching* LBI Balance Sheet by GAAP Asset Type workbook.

E-mail from Michael McGarvey to Gerard Reilly et al., re: "CUSIP Transferred to Barclays Master File" (Sep. 22, 2008 GMT 17:37) *with seven attached excel workbooks*.

Email from Stephen King to Liz James et al., re: "no subject" (Sep. 22, 2008).

Contains Highly Confidential Information

Lehman Brothers, "BA:B-S Detailed Exposure Report (CrossSystem) – 12 Sep 2008" *contained in Spreadsheet titled "Detailed_Exposure_Rpt912.xls,"* (Sep. 12, 2008).

Lehman Brothers, "BA:B-S Detailed Exposure Report (CrossSystem) – 15 Sep 2008" *contained in Spreadsheet titled "Detailed_Exposure_Rpt915.xls,"* (Sep. 15, 2008).

Lehman Brothers, "BA:B-S Detailed Exposure Report (CrossSystem) – 16 Sep 2008" *contained in Spreadsheet titled "Detailed_Exposure_Rpt916.xls,"* (Sep. 16, 2008).

Lehman Brothers, "BA:B-S Detailed Exposure Report (CrossSystem) – 17 Sep 2008" *contained in Spreadsheet titled "Detailed_Exposure_Rpt917.xls,"* (Sep. 17, 2008).

Lehman Brothers, "BA:B-S Detailed Exposure Report (CrossSystem) – 18 Sep 2008" *contained in Spreadsheet titled "Detailed_Exposure_Rpt918.xls,"* (Sep. 18, 2008).

Lehman Brothers, "BA:B-S Detailed Exposure Report (CrossSystem) – 19 Sep 2008" *contained in Spreadsheet titled "Detailed_Exposure_Rpt919.xls,"* (Sep. 19, 2008).

Lehman Brothers, "BA:B-S Detailed Exposure Report (CrossSystem) – 22 Sep 2008" *contained in Spreadsheet titled "Detailed_Exposure_Rpt922.xls,"* (Sep. 22, 2008).

Lehman Brothers, "BA:B-S Detailed Exposure Report (CrossSystem) – 30 Sep 2008" *contained in Spreadsheet titled "Detailed_Exposure_Rpt930.xls,"* (Sep. 30, 2008).

Spreadsheet titled "Acquisition Detail (PWC Day1) 09-22 Final Nu5.xls," *attached to E-mail from Sean Teague to Tal Litvin et al., re: "Acquisition balance sheet"* (Feb. 12, 2009).

Spreadsheet titled "Acquisition Detail (PWC Day1) 09-22 Final Nu5.xls," *attached to E-mail from Sean Teague to Karen Hong, re: "Lehman P1 - (near) complete"* (Feb. 5, 2009).

Spreadsheet titled "GR Long Island - Acquisition Balance Sheet 28.01.2009.xls," *attached to Email from Andrew Daly to Gary Romain, re: "GR Long Island - Acquisition Balance Sheet 28.01.2009.xls"* (Feb. 5, 2009).

Spreadsheet titled "LBI BS_917_V with adjustment.xls," *attached to Email from David Descoteau, Lazard, to Barry Ridings et al., Lazard NYC, re: "LBI_BS_917_V with adjustment.xls," Bates No. LAZ-C-00050306* (Sep. 19, 2008).

Spreadsheet titled "Lehman Asset P_3 12-22-2008_(JPM) Final 2.xls," *attached to E-mail from Sean Teague to Tal Litvin et al., re: "Acquisition balance sheet"* (Feb. 12, 2009).

Spreadsheet titled "New LBI Firm Asset List A 12312008 v2.xls," *attached to E-mail from Sean Teague to Tal Litvin et al., re: "Acquisition balance sheet"* (Feb. 12, 2009).

Spreadsheet titled "New LBI Firm Asset List B 12312008 (B.1) v6.xls," *attached to E-mail from Sean Teague to Tal Litvin et al., re: "Acquisition balance sheet"* (Feb. 12, 2009).

Email from Daniel Long to Jasen Yang et al., re: "Proj LI 9/19 collateral file" (Sep. 19, 2008) *attaching "Master List_unique 6_44pm.xls."*

Email from Daniel Long to Marty Malloy et al., re: "Master list of the DTC and Fed Wire from Lehman on 9-18" (Sep. 19, 2008) *attaching "Master List.xls."*

Email from David Petrie to Daniel Long et al., re: "Master List_unique_mod.xls" (Sep. 19, 2008) *attaching "Master List_unique_mod.xls."*

Contains Highly Confidential Information

Email from Duane McLaughlin to David Murgio et al., re: "Schedules A and B for Filing" (Sep. 29, 2008) *with attached "Schedule A" and "Schedule B" spreadsheets.*

Email from Edwin Lee to Doug Warren et al., re: "LBI Files" (Sep. 19, 2008) *attaching "LBI Short and Long Inventory Detail (Corp Debt) excl Eq division Corp Debt.xls," "lbi-unknown-red-flag.xls," "lbi-converts.xls," "lbi-em.xls," "lbi-europe.xls," and "lbi-unknown."*

Email from Gary Romain to James Walker et al., re: "Balance sheet" (Sep. 21, 2008) *attaching "Long Island - Acquisition Summary.xls."*

Email from Gary Romain to James Walker et al., re: "Draft acquisition balance sheet" (Sep. 25, 2008) *attaching "Long Island - Acquisition Balance Sheet.xls."*

Email from Gary Romain to Kim Cunningham et al., re: "Balance Sheet" (Nov. 10, 2008) *attaching "Long Island - Acquisition Balance Sheet.xls."*

Email from Gary Romain to Patrick Clackson et al., re: "OBS" (Jan. 27, 2009) *attaching "Long Island - Acquisition Balance Sheet.xls."*

Email from Gary Romain to TJ Gavenda et al., re: "LI balance sheet with uncertainties" (Oct. 25, 2008) *attaching "Long Island - Acquisition Balance Sheet.xls."*

Email from Gerard LaRocca to Mike Keegan, re: "Totals for the Fed Facility Collateral" (Sep. 19, 2008) *with attachment.*

Email from James Hraska to John Rodefild et al., re: "Repo Trade" (Sep. 20, 2008) *attaching "BarCap collateral-09.18.08.jh.xls."*

Email from James Hraska to Nancy Denig et al., re: "Purchased & Excluded Mortgage Asset Files" (Sep. 18, 2008) *attaching "Excluded Mortgage Assets 09-17-2008.xls."*

Email from James Hraska to Robert Azerad et al., re: "Financing Facility Schedule" (Sep. 22, 2008) *attaching "Tri09192008 (3).xls," "BarCap collateral-09.18.08.jh.xls," "barcap pldg 09 22 08 dtc-only.xls."*

Email from Jasen Yang to Daniel Long and Hogan Chen, re: "Complete position of Lehman collateral" (Sep. 20, 2008) *attaching "Lehm pos 9-19.xls."*

Email from Jasen Yang to Daniel Long, re: "Urgent - Schedules" (Oct. 14, 2008) *with three untitled workbooks.*

Email from Jasen Yang to Eric Yoss et al., re: "Lb" (Sep. 21, 2008) *attaching "Lehm Position 2008-09-19 (Thurs Close)(Sun 1030AM).xls."*

Email from Jasen Yang to Gerard LaRocca et al., re: "Urgent - Schedules" (Sep. 26, 2008) *attaching "Barclays Financing Collateral List (Barc Ops) 09-20-2008.xls," "Friday transfers BONY records agreed.xls," and "DTC 074 and 636 AVAILABLE COLL.xls."*

Email from Jasen Yang to James Walker, re: "Lb" (Sep. 21, 2008) *attaching "Lehm Position 2008-09-19 (Thurs Close) (Sun 1030AM).xls."*

Email from Jasen Yang to John Haley et al., re: "Complete position of Lehman collateral" (Sep. 20, 2008) *attaching "Copy of lehman9-18pos.xls," "Lehman Pledged Collateral.xls," "Residual*

Contains Highly Confidential Information

N24 Box 13.5 Million.csv,” “PDCF bzw689 11909+ Bill.csv.” “Remaining MOP – 210 Mill.csv” and “BZW948-38854095571-85.csv.”

Email from Jasen Yang to Nathaniel Hartley et al., re: “Master List_unique (2).xls” (Sep. 19, 2008) *attaching* “Master List_unique 2pm.xls.”

Email from Jasen Yang to Robert Azerad et al., re: “Financing Facility Schedule” (Sep. 22, 2008) *attaching* “Barclays Financing Collateral.xls.”

Email from Jason Yang to Eric Yoss et al., re: “Lb” (Sep. 21, 2008) *attaching* “Lehm Position 2008-09-19 (Thurs Close) (Sun 1030 AM).xls.”

Email from Jason Yang to James Walker et al., FW: “Lb” (Sep. 21, 2008) *attaching* “Lehm Position 2008-09-19 (Thurs Close) (Sun 1030 AM).xls.”

Email from John Diagostini to Jim Beckenhaupt et al., re: “PDCF” (Sep. 19, 2008) *attaching* “Market Value PDCF.xls.”

Email from John Grenier to Chris O’Meara, re: “Final Balance Sheet” (Sep. 18, 2008) *attaching* “bs5.xls.”

Email from John Grenier to Tim Sullivan, re: “Balance Sheet Iterations” (Sep. 18, 2008) *attaching* “Consolidated Balance Sheets.pdf.”

Email from John Haley to Daniel Long, re: “Bony_Price 9-19 clean.xls” (Sep. 22, 2008) *attaching* “Bony_Price 9-19 clean.xls.”

Email from John Rodefeld to Gerard LaRocca, re: “Purchase & Excluded Mortgage Asset Files” (Sep. 29, 2008) *attaching* “Excluded Mortgage Assets 09-17-2008.xls.”

Email from Keith Kochie to John Haley et al., re: “Lehman Deal Collateral 9-19 EOD” (Sep. 20, 2008) *attaching* “LEHMAN PDCF BZW689 – 9-19.csv,” “N24 LEHMAN Residual 9-19.csv,” “MOP – LEHMAN Residual 9-19.csv,” “Tri-Email:[OTBGZ_20080919.Z].

Email from Marie Stewart to Laura Faviano, re: “systems/process write ups for MTS, ITS, ADP and DBS” (Dec. 09, 2008) *attaching* “MTS Financing Narrative.doc,” and “MTS Inventory Close Narractive.doc.”

Email from Nathaniel Hartley to Jasen Yang, re: “Master List_unique (2).xls” (Sep. 19, 2008) *attaching* “Master List_unique (2).xls.”

Email from Paolo Tonucci to David Petrie et al., re: “Box Positions” (Sep. 22, 2008) *attaching* *untitled spreadsheet*.

Email from Paolo Tonucci to Stephen King, re: “Non Actionable Box as of 0918.xls” (Sep. 19, 2008) *attaching* “Non Actionable Box as of 0918.xls.”

Email from Ricky Policke to John Haley, re: “no subject” (Sep. 18, 2008) *attaching* “fed-091608.xls.”

Email from Robert Azerad to Jasen Yang et al., re: “Financing Facility Schedule” (Sep. 22, 2008) *attaching* “Barclays Financing Collateral List (Barc Ops) 09-20-2008.xls.”

Email from Ryan Babcock to Jasen Yang, re: “PMTG Haircut Summary (09-21-2008).xls” (Sep. 21, 2008) *attaching* “PMTG Haircut Summary (09-21-2008).xls.”

Contains Highly Confidential Information

Email from Sean Teague to Andrew Pickett et al., re: "Pine CCS – memo and supporting pricing documentation-" (Jan. 14, 2009) *attaching* "PINE CCS LTD[1].-October 2008.pdf," "bfm239C.jpg," "Pine CCS BBF.gif," "Pine CCS BBG Rating History.gif," "PineII.xls," and "Pine CCS Valuation Memo (PCG)."

Email from Sean Teague to Jasen Yang et al., re: "Proj LI 9/19 collateral file" (Sep. 19, 2008) *attaching* "Master List_unique 2pm PT.xls."

Email from Sean Teague to Jeannie Chang et al., re: "Updated: Lehman at close audit – Price testing for rates" (Feb. 24, 2009).

Email from Sean Teague to Jonathan Shaw and Gary Romain, re: "Urgent Request" (Jan. 06, 2010) *attaching* "Sched B-Inventory LehOBS 6.xls."

Email from Stephen King to Jason Yang, Fw: "Fed and DTC 9-18 (3).xls" (Sep. 18, 2008) *attaching* "Fed and DTC 9-18 (3).xls."

Email from to Ricky Policke to John Haley, (Sep. 18, 2008) *attaching* "fed-091608.xls."

Email from Usmanpatel Biradar to John Haley and Steven Rosenthal re: "Bony extract" (Sep. 22, 2008) *attaching* "market_val.zip."

Email from Victor I Lewkow to Gerard LaRocca et al., re: "Non Actionable Box" (Sep. 21, 2008) *attaching* "Non Actionable Box as of 0918.xls."

Excel Version of files attached to email from Mary Korycki to James Fogarty et al., (Sep. 29, 2008) *titled* "Exhibit A-1, A-2 – Barclays Financing Collateral List.xls", "Exhibit B-1, B-2, B-3 – DTC 074 and 636 AVAILABLE COLL," "Exhibit B-4 – Friday transfers BONY records agreed," "Exhibit B-5 – 636 Collateral," and "Exhibit B-6 – Schedule B Final."

Email from Duane McLaughlin to David Murgio et al., re: "Schedules A and B for Filing" (Sep. 29, 2008) *with attached* "Schedule A" and "Schedule B" *spreadsheets*.

Workbook of Unpurchaseable securities *titled* "Book1.xls."

Workbook *titled* "(September 19th \$1.035).xls."

Workbook *titled* "(September 29th - 636).xls."

Workbook *titled* "(September 30th 074).xls."

Workbook *titled* "(September 30th 074-equity).xls."

Workbook *titled* "6. 12-16-2008 JPM Settlement.xls."

Workbook *titled* "Copy of Lehman Schedule July 2009_2.xls."

Workbook *titled* "DocReq122809.xls."

Workbook *titled* "DTC Collateral Lehman Marks.xls."

Workbook *titled* "Fed and DTC 9-18 (3).xls."

Workbook *titled* "Fed cusips cob 9.16.xls."

Workbook *titled* "fed-091608.xls."

Workbook *titled* "Final Lehman Position File v1.xls."

Contains Highly Confidential Information

Workbook titled "LBI Short and Long Inventory Detail (Corp Debt) excl Eq division Corp Debt.xls."

Workbook titled "lbi-converts.xls."

Workbook titled "lbi-em.xls."

Workbook titled "lbi-europe.xls."

Workbook titled "lbi-unknown.xls."

Workbook titled "lbi-unknown-red-flag.xls."

Workbook titled "LEH Collateral Rodefled 5101 & 7256.xls."

Workbook titled "LEH Haircut File 9-22.xls."

Workbook titled "Lehman Intangible asset and amortization__Final.xls."

Workbook titled "Market Value PDCF.xls."

Workbook titled "Sched B LehOBS 5.xls."

Contains Highly Confidential Information

APPENDIX THREE

ASSET TYPES TRANSFERRED TO BARCLAYS

Security Type (per Bloomberg)	Count	Market Value (\$) ¹ Sept. 22, 2008
ABS Home	27	29,653,767
ABS Other	138	386,292,283
Adjustable, Convertible to Fixed	1	14,100
Adjustable	105	237,237,043
Adjustable, OID	1	9,880,000
ADR	169	560,692,726
Agency ABS Other	2	651,399
Agency CMO FLT	38	427,677,557
Agency CMO INV	27	81,276,478
Agency CMO IO	347	768,931,696
Agency CMO Other	149	1,012,447,610
Agency CMO PO	214	1,638,712,495
Agency CMO Z	16	53,563,468
Basket WRT	1	-
CF	6	641,358,622
Closed-End Fund	88	38,489,382
CMBS	76	271,641,937
Common Stock	2,686	5,531,020,176
CPI Linked	1	38,000
Domestic MTN	175	411,691,381
Equity WRT	54	693,346
ETP	138	1,624,824,194
Euro MTN	4	20,948,213
(continued on next page)		

Contains Highly Confidential Information

Security Type (per Bloomberg)	Count	Market Value (\$) ^{/1} Sept. 22, 2008
Euro-Dollar	22	25,023,677
Fixed	301	98,069,886
Fixed, OID	125	22,137,099
Floating	1	750
GDR	3	8,293
Global	329	1,821,841,389
Inter. Appreciation, OID	1	605,900
Ltd Partnership	68	558,599,690
MBS 10yr	48	34,126,078
MBS 15yr	659	1,959,125,312
MBS 20yr	166	415,067,033
MBS 30yr	1,832	4,527,357,468
MBS ARM	134	891,404,118
MBS Balloon	5	395,019
MBS Other	164	1,213,405,644
Misc.	7	3,555,664
NY Registered Shares	2	4,864,241
Private Placement	156	1,088,373,174
Private	11	11,729,655
Private Comp.	3	-
Private CMO Floating	183	476,504,578
Private CMO Inverse	1	3,099,649
Private CMO Interest Only	122	123,478,028
(continued on next page)		

Contains Highly Confidential Information

Security Type (per Bloomberg)	Count	Market Value (\$) ^{/1} Sept. 22, 2008
Private CMO Other	394	463,063,281
Private CMO Principal Only	24	15,886,521
Public	174	127,044,377
REIT	81	120,649,228
Right	2	-
Royalty Trust	8	317,197
Tracking Stock	5	8,874,412
Unit	22	92,712,099
U.S. Domestic	504	3,577,436,771
U.S. Government	380	10,791,323,954
Yankee	26	69,454,201
Zero Coupon	2	4,269
Zero Coupon, OID	18	34,571,763
N/A (Field Not Applicable)	9	147,842
N/A (Invalid Security)	288	540,862,983
Grand Total	10,743	42,868,857,116
Sources: Spreadsheet titled "Acquisition Detail (PWC Day1) 09-22 Final Nu5.xls," attached to E-mail from Sean Teague to Tal Litvin et al., re: "Acquisition balance sheet" (Feb. 12, 2009); Bloomberg.		

Contains Highly Confidential Information

APPENDIX FOUR

INFORMATION ON SELECTED SECURITIES TRANSFERRED TO BARCLAYS

In this appendix, I briefly summarize available information about selected securities or groups of similar securities acquired by Barclays in the Transaction. The indicated values of most of these securities based on Barclays exit price marks for September 22, 2008, differ significantly from indicated values based on BoNY's marks for September 19, 2008. While my investigation of individual positions and groups of similar positions is on-going, I have formed three preliminary conclusions based on work completed to date:

- First, for many positions of significant indicated value in the Repo Collateral, there is no generally recognized pricing source available and, in fact, there is surprisingly little information available in the public domain (e.g., from the SEC, or from financial websites, or in the financial press) or even from proprietary (i.e., available for purchase) sources of financial information.
- Second, virtually all of the specific securities included in the Repo Collateral (with significant indicated values) for which there are significant differences between Barclays' exit price marks and BoNY's marks represent extremely complex claims on cash flows from bundles of underlying assets that themselves are complex, opaque, and hard to assess.
- Third, based on my initial work, there appears to be strong support and justification for the differences between Barclays' exit price marks and BoNY's marks.

Contains Highly Confidential Information

I begin this appendix by analyzing several sets of similar securities that Barclays sold shortly after closing the Transaction. These sales allow a direct comparison of BoNY's marks (and in some but not all cases, Barclays' marks) to actual results obtainable in the marketplace in late September of 2008. I then present information on a number of additional positions that contribute significantly to the overall difference between the indicated value of the Repo Collateral based on BoNY's marks and the indicated value of the Repo Collateral based on Barclays exit price marks.

1. Collateralized ALT-A mortgage obligations issued by Structured Adjustable Rate Mortgage Loan Trust

The initial inventory acquired by Barclays in the Transaction included positions in 125 different CMOs issued by the Structured Adjustable Rate Mortgage Loan Trust. All are identified in the detailed listing of initial inventory as "US Non-Agency CMOs" backed by ALT-A mortgages (of various vintages). Altogether, at BoNY marks, these positions had an aggregate indicated value of \$237.7 million.

Because these positions were sold off quickly, Barclays did not finalize September 22 exit price marks for these positions, but instead valued them for financial accounting purposes at their actual sales value. However, before selling the positions, Barclays had estimated preliminary mid-point marks for these positions as of September 19; the indicated value of the positions at Barclays' preliminary mid-point marks was \$197.1 million, which is a reduction of about 20% from the indicated value using BoNY marks.¹⁰⁰

¹⁰⁰ Barclays typically reduced mid-point prices for ALT-A mortgage backed securities by 10% or 15% to adjust them to exit prices, with the size of the adjustment varying across different types of ALT-A products. Thus, had Barclays prepared September 22 exit price marks for these securities, they likely would have been at least 10% lower than these preliminary mid-point marks for September 19.

Contains Highly Confidential Information

Barclays sold all of these positions shortly after the close of the Transaction for total proceeds of \$80.2 million, or only about one-third of their indicated value based on BoNY's marks.

2. Asset backed securities backed by ALT-A HELOCs issued by Lehman XS Trust

The initial inventory acquired by Barclays in the Fed Replacement Repo included positions in 65 different asset backed securities issued by the Lehman XS Trust. All are identified in the detailed listing of initial inventory as "US ABS Home Equity" backed by ALT-A home equity lines of credit (of various vintages). Altogether, at BoNY marks, these positions had an aggregate indicated value of \$171.1 million.

Because these positions were sold off quickly, Barclays did not finalize September 22 exit price marks for these positions, but instead valued them for financial accounting purposes at their actual sales value. However, before selling the positions, Barclays had estimated preliminary mid-point marks for these positions as of September 19; the indicated value of the positions at Barclays' preliminary mid-point marks was \$139.8 million, a reduction of about 20% from the indicated value using BoNY marks.

Barclays sold all of these positions shortly after the close of the Transaction for total proceeds of \$86.9 million, or just over one-half of their indicated value based on BoNY's marks.

3. US Agency collateralized mortgage obligations (Sequentials, PACs, and VADM)s

The initial inventory acquired by Barclays in the Fed Replacement Repo included positions in 65 different CMOs issued by various agencies (Freddie Mac, Ginnie Mae, Federal Home Loan banks, and other) identified in the detailed listing of initial inventory as "US Agency

Contains Highly Confidential Information

CMO (Sequentials, PACs, and VADM)s. Altogether, at BoNY marks, these positions had an aggregate indicated value of \$856.1 million.

Although these positions were sold off quickly, Barclays had estimated preliminary mid-point marks for the positions as of either September 19 or September 22.¹⁰¹ The indicated value of the positions at Barclays' preliminary mid-point marks was \$810.8 million, a reduction of about 5% from the indicated value using BoNY marks. Barclays also developed September 22 exit price marks for these positions, by reducing mid-point marks to bid marks. The indicated value of these positions using Barclays' exit price marks was \$729.8 million.

Barclays sold all of these positions shortly after the close of the Transaction for total proceeds of \$798.1 million. Thus, this sale was completed for proceeds about 7% below the indicated value of the positions at BoNY marks, but approximately mid way between BoNY's marks and Barclays exit price marks. For financial accounting purposes, Barclays used the proceeds from the sale, rather than its lower preliminary estimate of value.

4. US Agency CMOs (Complex Floater, Interest Only and Inverse Interest Only)

In its complaint in a recent fraud action (unrelated to this matter), the SEC described some of the "myriad varieties [of CMOs], each with its own yield, price volatility, and risk characteristics." According to the SEC,

"Inverse floaters are variable rate securities with a coupon that is inversely related to a short-term interest rate index, typically the London Interbank Offered rate ("LIBOR"). As the index's interest rates rise, the Inverse Floater's interest payment falls, and vice versa. Inverse Floaters can have poor liquidity and erratic pricing. Inverse Floaters purchased for a premium (i.e., at a price over par) or sold before maturity present price risk to investors (i.e., the investor can lose their original investment).

¹⁰¹ It is not possible to tell with certainty from the detailed support for the initial inventory whether these mid-point marks are for September 19 or September 22.

Contains Highly Confidential Information

"IOs are risky securities because they have no principal component and pay investors solely from the interest payments on the mortgage pool underlying a MBS. IOs are sensitive to market interest rate changes. When market rates fall, homeowners tend to prepay their loans, thereby reducing the number of mortgages available in the underlying pool to make interest payments. If enough mortgages underlying an IO prepay, the entire tranche may 'expire' early, resulting in a loss for investors who had not already recouped their initial investment through interest payments.

"Inverse IOs are a hybrid of Inverse Floaters and IOs. Like IOs, Inverse IOs have no principal component and investors are paid solely from the underlying MBS' interest payments. Like Inverse Floaters, the interest payment for Inverse IOs moves in the opposite direction of a specific short-term interest rate index. In all but limited interest rate environments . . . Inverse IOs display the negative characteristics of both Inverse Floaters and IOs; their price is sensitive to changes in the market interest rate and investors risk losing their investment."

The SEC characterized these types of CMOs as "among the riskiest available," "largely illiquid," and "only suitable for sophisticated investors with a high-risk investment profile." The initial inventory acquired by Barclays in the Fed Replacement Repo included positions in 350 different CMOs identified as "complex floater," "IO," or "Inverse IO," with an aggregate custodial value of \$1.196 billion. Reflecting the risk and liquidity characteristics of these instruments, Barclays valued these positions using mid-point marks at \$0.774 billion (35.29% below the indicated value at BoNY marks); and reduced this indicated value by another 10% (to \$0.697 billion) to establish an indicated value at exit price marks. Given the relevant risks and liquidity issues, Barclays exit-price marks were reasonable and appropriate.

5. Lehman-issued warrants and Lehman-issued equity-linked notes

In the initial inventory acquired from LBI, Barclays acquired approximately \$203 million of Lehman-issued warrants and Lehman-issued equity-linked notes, valued at custodial marks.

Contains Highly Confidential Information

Because the values of these instruments are closely related to Lehman's own creditworthiness, Barclays wrote off the entire value of these securities.

Lehman's global equity derivatives group produced an introduction to equity linked notes in April of 2001. According to this introduction, "An Equity Linked Note (ELN) is an instrument that provides investors fixed income like principal protection together with equity market upside exposure." An ELN is "structured by combining the economics of a long call option on equity with a long discount bond position"; it is "a debt instrument that differs from a standard fixed income security in that the coupon is based on the return of a single stock, basket of stocks or equity index (the 'underlying equity').

Lehman's introduction to ELNs emphasizes their "significant upside opportunity" and "principal protection feature" and asserts that ELNs "may be appropriate for conservative and risk-averse equity investors or fixed income investors with a long-term bullish view on the equity market." But the instruments are not without risk. Among the "additional considerations" cited in Lehman's introduction is "Creditworthiness of the Issuer. Investors should consider the ability of ELN issuers to repay the principal and interest, if any, at maturity. This will be based on the issuer's credit quality."

As indicated above, Barclays valued Lehman-issued warrants and equity-linked notes at zero for financial accounting purposes. To assess the reasonableness of this devaluation, I gathered daily data on the prices of other direct obligations of LBHI immediately preceding and following LBHI's bankruptcy filing. The prices of these instruments were surprisingly resilient through September 12, but typically lost somewhere between 80% and 90% of their value immediately following LBHI's filing. Given that Lehman-issued ELNs and warrants depend on the creditworthiness of LBHI (or related entities) in much the same way as these direct

Contains Highly Confidential Information

obligations, and given the lack of ready buyers for these securities following LBHI's bankruptcy, this write off of the BoNY-marks indicated value of Lehman-issued equity linked notes and warrants was reasonable and appropriate.

6. Giants Stadium Bonds

The initial inventory acquired by Barclays in the Transaction included positions in four related notes issued to provide funding for a new Meadowlands stadium, a joint venture between the New York Giants and the New York Jets. The stadium was financed by \$1.3 billion of bond debt, which was shared equally by the two teams (\$650 million each). The bonds issued by the Giants had maturity dates of 2029, 2037 and 2047,¹⁰² and consisted of seven series of auction rate securities with interest rates to be set every month.¹⁰³ According to Barclays' position detail spreadsheets, Barclays valued the Giants auction rate securities it acquired, for accounting purposes, at their indicated values using BoNY's marks (which ranged from about \$10 per \$100 of face value to about \$44 per \$100 of face value), without further downward adjustment.

Markets for auction rate securities encountered severe difficulties beginning early in 2008, with increasing numbers of auctions "failing." These difficulties continued through 2008, and these markets have yet to revive. Since auctions had been the primary mechanism by which holders could reduce (or increase) their holdings, these auction failures made it difficult to for holders of auction rate securities to dispose of their positions.

Conditions in markets for auction rate securities made these securities particularly difficult to value. Some analysts argued that investors who could hold for the long term

¹⁰² Project Finance Magazine, February 2008 Deals of the Year – North American Leisure Deal of the Year, Meadowlands Stadium: Split decision.

¹⁰³ Aaron Kuriloff and Michael McDonald, NFL's Giants Redeeming \$100 Million in Auction Debt (Update3), www.bloomberg.com, last updated April 15, 2008 18:22 EDT.

Contains Highly Confidential Information

eventually would be paid in full; the crisis in auction rate markets was said to be an issue of lack of liquidity rather than deteriorating creditworthiness of the borrowers. But for Barclays purposes, the issue was not what the value of these securities might be in the long run assuming a return to normal conditions, but the value of the positions in an orderly sale under current conditions. Given conditions in the markets for auction rate securities, Barclays exit-price marks were reasonable and appropriate.

7. Insurance-related asset backed securities

This section focuses on two related CUSIPs: 45804VAA2 and 45805AAA7 (referred to herein as 'VAA2 and 'AAA7 respectively.) These securities are identified in Lehman's GFS reports as Level III assets, i.e. as securities that can be valued only using unobservable assumptions. According to its books, LBI held non-trivial long positions in these securities of \$53 million and \$37 million, respectively, on September 12, 2008 (at GFS marks). The 'AAA7 CUSIP and par value appear on the list of securities comprising the Fed Replacement Repo collateral, while the 'VAA2 CUSIP and par value appear on the list of securities transferred to Barclays as part of the December settlement.

Barclays valued the 'VAA2 position (on LBI's books at more than \$53 million) at \$14.5 million, and valued the 'AAA7 position (on LBI's books at almost \$38 million) at \$9.9 million. For the two positions combined, this difference in value is approximately 70%. That difference was fully justified by the nature of the securities and the conditions in the markets in which they traded (or more precisely, would have traded if the markets had not been frozen).

I begin by noting that there were no changes in the "clean prices" for these two CUSIPs as reported in LBI's GFS reports for 9/12 through 9/30. Instead, LBI carried these two positions

Contains Highly Confidential Information

on its books at the same value from 9/12 through 9/30. 'VAA2 was recorded with a par value of 58,000,000, a price of 0.922, and a "gross long inventory" value of \$53,192,905, with no revisions from 9/12 to 9/30. 'AAA7 was recorded with a par value of 41,500,000, a price of 0.922, and a gross long inventory value of \$37,952,309, also with no revisions.

Additional quantities of both 'AAA7 and 'VAA2 show up on Schedule B (4,500,000 and 700,000 of par value respectively). These quantities are not reported on the GFS reports, but are included in the quantities of these two CUSIPs valued by Barclays in preparing the Acquisition Balance Sheet.

The 'AAA7 and 'VAA2 CUSIPs appear to be two of a group of closely related CUSIPs classified on Barclays' position detail spreadsheets as "life insurance" assets. On September 12, 2008, LBI held long positions in approximately 15 different securities (i.e., CUSIPs) from this group. The two CUSIPs examined here represent the largest positions, but others were significant as well. Altogether, LBI's gross long inventory value for its combined holdings of these securities was \$166.5 million. Interestingly, all of these securities had exactly the same clean price in GFS every day from 9/12 - 9/30, namely 0.922, which is inconsistent with the hypothesis that Lehman was updating marks daily into the week of 9/15.

Listed below are the "product names" for this group of related securities from GFS, with the product names of 'VAA2 and 'AAA7 listed first and second. Most are classified in GFS as corporate bonds, but three are classified as money market instruments. Many of the product names include one or more of the words "Insurance," "Money Market," and "Auction"

Insurance note cap mm notes	corpbond
Insurance note capital mm	corpbond
Inc money market sec ser2003-328 day auction	corpbond
Inc money market sec ser2003-328 day auction	corpbond

Contains Highly Confidential Information

Inc money market sec ser2003-128 day auction	corpbond
Rivermont inc	moneymkt
Rivermont inc	moneymkt
Rivermont inc 2006-3	moneymkt
Inc money market sec ser2003-2	corpbond
Inc money market sec ser2003-2	corpbond
Inc money market sec ser2003-428 day auction	corpbond
Inc money market sec ser2003-428 day auction	corpbond
Inc money market sec ser2003-528 day auction	corpbond
Inc money market sec ser2003-628 day auction	corpbond
Inc money market sec ser2003-628 day auction	corpbond
Insurance note cap mm note	corpbond
Insurance note cap mm note	corpbond
Insurance note capital mm	corpbond
Insurance note capital mm	corpbond

At least some of these securities are associated with the name "Insurance Note Capital MMS RL III 2006-x" where x has a value from 1 to 5. This name and the information above suggest that these are structured notes providing financing related to insurance products or activities issued in 2006. Based on publicly available information, at least some of them are auction rate securities (the markets for which completely froze up early in 2008 and continued to be largely frozen today).

The reference to "RL III" in the name above probably refers to River Lake Insurance Company III, which is a nearly-invisible entity owned by or associated with Genworth Life and Annuity Insurance Company, which is a subsidiary of Genworth Financial (which trades on the NYSE under the symbol GNW). Genworth is today, and was three years ago, a major US and international insurance and wealth management company. Between then and now, however, it experienced a near death episode. From above \$36 per share in May 2007, its stock price had fallen to \$15.25 on 9/15, then fell to \$7.60 on 9/29, and then fell to \$0.90 on 11/17.

Contains Highly Confidential Information

These securities may have been "credit enhanced" with some kind of support from FGIC, a monoline insurer (like MBIA and AMBAC). Monoline insurers were in very serious trouble in September 2008, and their deterioration sharply reduced whatever value their credit enhancement may have contributed to securities like the ones we are discussing.

Considering these factors, securities backed by Genworth and related entities — with or without credit enhancement by a troubled monoline insurer — were appropriately accorded a low valuation as of September 22, 2008.

8. Pine CCS CLO

Pine CCS was a large CLO collateralized by a portfolio of whole loans. According to Bloomberg, Pine was issued in May 2008, with Lehman Brothers serving as the lead manager. The face value of the original issue was \$1.025 billion, and the *entire* face value transferred to Barclays in the initial inventory. I have found no evidence that this security ever traded in a public market. Moreover, given that Lehman held the entire face value at the time of the Transaction, it is highly likely that this security was never traded at all, even in a private exchange.

Bank of New York valued the transferred position in Pine at \$914,983,902. However, this valuation appears to have been based on an erroneous "factor" (i.e., the percentage of face value actually outstanding); after adjustment for this error, the value of this position at BoNY's mid-point marks should have been \$809,467,804. After extensive review and analysis (documented by Barclays' analysts and submitted to PriceWaterhouseCoopers for review) Barclays revalued this position at \$571,480,646 at mid-point marks, and at \$428,610,484 at exit price marks.

Contains Highly Confidential Information

An internal Barclays valuation memo, prepared by Barclays's Product Control Group, explains the basis for Barclays conclusions as to value at exit price marks:

“Based on the initial analysis performed by Independent Valuations, the Pine CCS pool of assets was suspect (further confirmed by the attached 10-08 Trustee Report). The portfolio appears to be loans that Lehman was unable to sell individually so in turn they were securitized. When looking through the portfolio you will notice that 12 positions make up 2/3rd of the portfolio which results in highly concentrated risk. The largest position, Archstone, is ~20% of the portfolio based on principal. At the time of the Lehman acquisition, the CMBS market was basically frozen. On September 16th, S&P downgraded all the tranches to CC Rating (Pine CCS Ltd. A-1 CC A- / Pine CCS Ltd. A-2 CC A- / Pine CCS Ltd. B CC B) as it related to the Lehman bankruptcy. This all contributed to the PCG PT valuation.

“Overall view was that based on (a) the factors relating to the pool composition along with (b) the high concentration and (c) recent downgrade to CC, PCG PT determined a px of \$56 was reasonable to which a haircut of 75% of MV should be applied for market and legal uncertainty.”

Barclays “due diligence” in marking this unique asset appears thorough and appropriate and justifies Barclays’ conclusion as to value at exit price marks.

Contains Highly Confidential Information

APPENDIX FIVE

EXHIBITS

Contains Highly Confidential Information

EXHIBIT I

POSITIONS COMPRISING THE COLLATERAL TRANSFERRED TO BARCLAYS
IN THE FED REPLACEMENT REPO

PART A – INITIAL INVENTORY

Exhibit 1, Part A is contained in
Volume 2: Trading Portfolio Assets - Position Detail

Contains Highly Confidential Information

EXHIBIT I

POSITIONS COMPRISING THE COLLATERAL TRANSFERRED TO BARCLAYS
IN THE FED REPLACEMENT REPO

PART B – JPM INVENTORY

**Exhibit 1, Part B is contained in
Volume 2: Trading Portfolio Assets - Position Detail**

Contains Highly Confidential Information

EXHIBIT 2

POSITIONS INCLUDED IN "TRADING PORTFOLIO ASSETS" THAT WERE NOT TRANSFERRED
TO BARCLAYS IN THE FED REPLACEMENT REPO

Exhibit 2 is contained in

Volume 2: Trading Portfolio Assets - Position Detail

Contains Highly Confidential Information

EXHIBIT 3

SAMPLE OF "SHORT NAMES" OF SECURITIES IN THE REPO COLLATERAL

ABN AMRO MORTGAGE CORP SERIES 2003-7 CLASS A1
Aid-Israel 11-Z 0.0 15 Nov 2009 Rg
Aig 5.6 18 Oct 2016 Rg
ARGENT SECURITIES INC SERIES 2006-M1 CLASS A2B
BANC OF AMERICA MORTGAGE SECURITIES INC SERIES 2003-H CLASS 1A1
BEAR STEARNS ADJUSTABLE RATE MORTGAGE TRUST SERIES 2002-11 CLASS 1A2
Bowater Cana 7.95 15 Nov 2011 Rg
Burlington N 3.0 01 Jan 2047 Rg
CALIFORNIA EARTHQUAKE AUTHORITY
California S 4.25 01 May 2034
CHASE FUNDING MORTGAGE LOAN ASSET-BACKED CERTS SERIES 2003-5 CL 1A4
CIT GROUP HOME EQUITY LOAN TRUST SERIES 2002-1 CLASS AF6
COUNTRYWIDE ASSET-BACKED CERTIFICATES SERIES 2006-5 CLASS 2A2
COUNTRYWIDE HOME LOAN MORTGAGE PASS THROUGH TRUST SERIES 2003-60 CL 2A1
CS FIRST BOSTON MORTGAGE SECURITIES CORP SERIES 2004-AR3 CLASS 5A1
CS FIRST BOSTON MORTGAGE SECURITIES CORPORATION SERIES 2004-AR3 CLASS 3A1
CSAB MORTGAGE BACKED TRUST SERIES 2006-2 CLASS M1
DISGEN 6.22 01 Aug 2038
FFCB 4.875 11 Jan 2016 Rg
FFCB 5.3 23 Dec 2024 Rg
FGH0 6.00 POOL - H01527
FGLMC 5.50 POOL - G02408
FGLMC 6.00 POOL - G02586
FHAR 5.662 POOL - 1G1293
FHL3311 VF
FHL3339 IF
FHL3339 NO
FHLB 4.25 11 Jun 2010 Rg
FHLB 5.5 15 Jul 2036 Rg
FHLBDN 0.0 01 Oct 2008 Rg
FHLMC 5.0 18 Apr 2017 Rg
FHLMC 6.0 15 Jun 2011 Rg
FHS 244 IO
FHS 244 PO
FICS 06 Apr 2013 Coupon Rg
Financing Corporation 1 11 May 2012 Coupon Rg
Fir Un 8.04 01 Dec 2026 Rg

Contains Highly Confidential Information

FIRST HORIZON ALTERNATIVE MORTGAGE SECURITIES SERIES 2006-AA6 CLASS 1A2
FNAR 5.163 POOL – 976646
FNAR 5.253 POOL – 889027
FNCI 4.50 POOL – 906552
FNCT 6.50 POOL - 257185
Fndn 0.0 09 Oct 2008 Rg
FNM07030 QI
FNM07054 HO
FNM07067 PO
FNMA 23 Mar 2028 Principal Rg
FNMA 3.25 09 Apr 2013 Rg
FNMA 4.125 15 Apr 2014 Rg
FNUK 6.00 POOL - 950303
Ford COB2 6.0 20 Mar 2014 MTN Rg
G2SF 5.00 POOL - 003840
G2SF 7.00 POOL - 004087
GE-WMC MORTGAGE SECURITIES LLC SERIES 2005-2 CLASS A2C
Gmac 6.75 01 Dec 2014 Rg
GMAC MORTGAGE CORPORATION LOAN TRUST SERIES 2003-GH1 CLASS A5
GNM07031 BI
GNM07031 BO
GNSF 6.00 POOL - 617754
GNSF 7.00 POOL - 676386
GREENPOINT MANUFACTURED HOUSING SERIES 2001-1 CLASS IA
GSR MORTGAGE LOAN TRUST SERIES 2004-2F CLASS 14A1
ILSMED 2.993 16 Sep 2024
IMPAC CMB TRUST SERIES 2003-8 CLASS 2A1
INC Money Market Secs FRN 31 Dec 2033 144a
INDYMAC RESIDENTIAL ASSET BACKED TRUST SERIES 2005-D CLASS AII3
KFW GMTN 4.375 15 Mar 2018 MTN Rg
LB-UBS COMMERCIAL MORTGAGE TRUST SERIES 2007-C2 CLASS A3
Lehman Bros Holdings Inc BSKT 0 19 Feb 2010 MTN Rg
Lehman Bros Holdings Inc FRN 02 Jun 2023 MTN Rg
LEHMAN BROTHERS HOLDINGS INC
LEHMAN STRUCTURED SECURITIES CORPORATION SERIES 2005-1 CLASS A1
LEHMAN XS TRUST SERIES 2005-2 CLASS 2A1A
LEHMAN XS TRUST SERIES 2006-17 CLASS WF11
LEHMAN XS TRUST SERIES 2006-4N CLASS A1A
Maryland Health & Higher Educational Facilities Carnegie 01 Oct 2037
MDUHGR 4.352 28 May 2024
MOSENV 9.975 01 Dec 2022
New York State Housing Finance 1500 Lex Ave 15 May 2034

Contains Highly Confidential Information

NJSMFH 4.75 01 May 2010
NOMURA ASSET ACCEPTANCE CORPORATION SERIES 2006-AF2 CLASS 1A1
NYC 5.0 01 Mar 2023
NYSCTT 3.732 15 Mar 2021
OPTEUM MORTGAGE ACCEPTANCE CORP SERIES 2006-1 CLASS 1A1A
Pepsiamerica 5.0 01 Jan 2018
PERMANENT FINANCING PLC SERIES 8 CLASS 3A
RENAISSANCE HOME EQUITY LOAN TRUST SERIES 2005-2 CLASS AF4
Residential Capital Corp 9.625 15 May 2015 144a
RFC 15 Oct 2013 Coupon Rg
SDGGEN 7.125 01 Jun 2032
SOUHSG 5.5 01 May 2036
SOUHSG 6.02 01 Oct 2035
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST SERIES 2004-2 CLASS 2A
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST SERIES 2005-18 CLASS 9A1
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST SERIES 2007-5 CLASS 3A2
STRUCTURED ASSET SECURITIES CORP SERIES 2002-5A CLASS 3A
STRUCTURED MORTGAGE ASSET RESIDENTIAL TRUST SERIES 1992-5B CLASS G
TERWIN MORTGAGE TRUST SERIES 2005-14HE CLASS AF2
T-strip 15 Aug 2009 Coupon Rg
T-strip 15 May 2019 Coupon Rg
T-strip 15 May 2022 Coupon Rg
T-strip 15 Nov 2018 Coupon Rg
T-strip 15 Nov 2023 Coupon Rg
Tva 4.875 15 Dec 2016 Rg
Tva 5.98 01 Apr 2036 Rg
UST I/L 2.375 Inflation-Linked 15 Jan 2017 Rg
WACHOVIA BANK COMMERCIAL MORTGAGE TRUST SERIES 2003-C8 CLASS A3
WACHOVIA BANK COMMERCIAL MORTGAGE TRUST SERIES 2007-C30 CLASS A3
WAMU MORTGAGE PASS THROUGH CERTIFICATES SERIES 2003-AR8 CLASS A
WAMU MORTGAGE PASS THROUGH CERTIFICATES SERIES 2003-AR8 CLASS B1
William Lyon 7.5 15 Feb 2014 Rg
XLCAP E 6.5 Fix/Float Perpetual Rg
YORMED 2.993 01 Jul 2021

Contains Highly Confidential Information

EXHIBIT 4

"STICKINESS" IN GFS MARKS FOR LEVEL III SECURITIES

Product	Product Name	Security Type	Gross Long Inventory (\$) 9/12/08	Clean Market Price							
				9/12/08	9/15/08	9/16/08	9/17/08	9/18/08	9/19/08	9/22/08	
14984XAA6	CEAGO 2007-1A A1 CEAGO ABD CDO	Mortgage	367,979,690	0.435	0.345	0.345	0.345	0.345	0.345	0.345	
50181QAP3	LCOR ALEXANDRIA LLC	Corpbond	88,621,021	0.117	0.117	0.117	0.117	0.117	0.117	0.117	
76827RAA9	INSURANCE NOTE CAP TAXABLE MMS	Corpbond	65,142,196	0.922	0.922	0.922	0.922	0.922	0.922	0.922	
45804VAA2	INSURANCE NOTE CAP MM NOTES	Corpbond	53,192,905	0.914	0.914	0.914	0.914	0.914	0.914	0.914	
11134DAD9	AMERFUN BROADHOLLOW FDG LLC BROADHOLLOW FUNDING LLC	Mortgage	47,812,500	0.900	0.830	0.830	0.830	0.830	0.830	0.830	
45804QAA3	INC MONEY MARKET SEC SER2003-428 DAY AUCTION	Corpbond	47,570,104	0.922	0.922	0.922	0.922	0.922	0.922	0.922	
45804BAA6	RIVERMONT INC	MoneyMkt	41,982,577	0.922	0.922	0.922	0.922	0.922	0.922	0.922	
IUS887748	FLOATEL INTERNATIONAL LTD	Equity	40,967,264	2.000	2.000	2.000	2.000	2.000	2.000	2.000	
00764PAU4	AERCO 2A A3 AERCO LTD	Mortgage	40,936,026	0.808	0.750	0.750	0.750	0.750	0.750	0.750	
86363BAD7	SASC 2007-RM1 M2 STRUCTURED ASSET SECURITIES CO	Mortgage	40,131,146	0.800	0.800	0.800	0.800	0.800	0.800	0.800	
45805AAA7	INSURANCE NOTE CAPITAL MM	Corpbond	37,952,309	0.914	0.914	0.914	0.914	0.914	0.914	0.914	
05366VAA6	ACAP 2000-1A A1 AVIATION CAPITAL GROUP TRUST	Mortgage	34,059,994	0.846	0.800	0.800	0.800	0.800	0.800	0.800	
25857BAA4	DOUBLE OAK CAPITAL TRUST I 28 DAY AUCTION	Corpbond	33,862,870	0.922	0.922	0.922	0.922	0.922	0.922	0.922	
73771NAA1	POTOMAC TRUST CAP 04-VI	Corpbond	27,570,097	0.922	0.922	0.922	0.922	0.922	0.922	0.922	
737714AA3	POTOMAC TRUST CAPITAL MM SEC	Corpbond	27,238,909	0.922	0.922	0.922	0.922	0.922	0.922	0.922	
393505V90	GTMH 99-2A5 ASSETBK LOAN GREENTREE MANUFACTURED HSG	Mortgage	27,027,811	0.938	0.790	0.790	0.790	0.790	0.790	0.790	
92922FZD3	WAMU 2004-RP1 2A WAMU MORTGAGE PASS THROUGH CER	Mortgage	25,946,674	0.925	0.925	0.925	0.925	0.925	0.925	0.925	
86363BAF2	SASC 2007-RM1 M3 STRUCTURED ASSET SECURITIES CO	Mortgage	24,503,196	0.740	0.740	0.740	0.740	0.740	0.740	0.740	
922219AB6	VARICK STRUCTURED ASSET FUND LTD FRN 20351101 SERIES# 1A 144A	Mortgage	23,729,342	0.626	0.626	0.626	0.626	0.626	0.626	0.626	
14984XAC2	CEAGO 2007-1A A2 CEAGO ABD CDO	Mortgage	23,596,848	0.300	0.300	0.300	0.300	0.300	0.300	0.300	

(continued on next page)

Contains Highly Confidential Information

Product	Product Name	Security Type	Gross Long Inventory (\$) 9/12/08	Clean Market Price						
				9/12/08	9/15/08	9/16/08	9/17/08	9/18/08	9/19/08	9/22/08
76827RAB7	INSURANCE NOTE CAP TAX MMS04-2	Corpbond	23,089,160	0.922	0.922	0.922	0.922	0.922	0.922	0.922
45804SAA9	INC MONEY MARKET SEC SER2003-628 DAY AUCTION	Corpbond	22,833,628	0.922	0.922	0.922	0.922	0.922	0.922	0.922
73771WAA1	POTOMAC TRUST CAP 04-X	Corpbond	22,608,905	0.922	0.922	0.922	0.922	0.922	0.922	0.922
86363AAA5	SASC 2006-S4 A STRUCTURED ASSET SECURITIES CO	Mortgage	22,558,219	0.500	0.500	0.500	0.500	0.500	0.500	0.500
73771QAA4	POTOMAC TRUST CAPITAL MM SEC	Corpbond	22,233,708	0.922	0.922	0.922	0.922	0.922	0.922	0.922
058521AG0	BALLANTYNE TAXABLE NOTES A3B	Corpbond	21,602,138	0.763	0.763	0.763	0.763	0.763	0.763	0.763
047468AC7	ATHILON CAPITAL CORP NOTES SERIES A CORP	Corpbond	21,320,997	0.767	0.767	0.767	0.767	0.767	0.767	0.767

Contains Highly Confidential Information

EXHIBIT 5

"STICKINESS" IN GFS MARKS FOR LEVEL II SECURITIES

Product	Product Name	Security Type	Gross Long Inventory (\$) 9/12/08	Clean Market Price						
				9/12/08	9/15/08	9/16/08	9/17/08	9/18/08	9/19/08	9/22/08
100891588	GNMA 3/1 ARM 891588	Mortgage	222,447,219	1.000	1.000	1.000	1.000	1.000	1.000	1.000
53957DAF0	LIMAA 2008-1A A2 LOCAL INSIGHT MEDIA FINANCE LL	Mortgage	134,333,333	0.680	0.600	0.600	0.600	0.600	0.600	0.600
96335WFU2	WHISTLEJACKET CAPITAL LLC IN DEFAULT	Corpbond	123,375,040	0.995	0.995	0.995	0.995	0.995	0.995	0.995
3BCTRR70	LEHMAN MUN TR RCPTS VAR STS FLT-TR-SER 2008-F2W RELATED TOPHLDPH PA HOS & HIGH 17175 64R/MD 3.10 11/15/23	Munibond	118,819,350	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3BCGXD30	GIANTS STADIUM LLC AUC28	Money mkt	118,526,977	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3BCGXD10	GIANTS STADIUM LLC AUC28	Money mkt	118,401,464	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3BCGXD20	GIANTS STADIUM LLC AUC28	Money mkt	118,400,956	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3BCYWQ10	LEHMAN MUN TR RCPTS VARIOUS FLT-TR SER 2008-P29W REL TO ALASKA INDL DEV & EXPT AUTH RER/MD 2.15 04/01/2034	Munibond	117,295,719	100.0	100.0	100.0	100.0	100.0	100.0	100.0
29852440	GEORGETOWN UNIVERSITY SERIES A	Money mkt	113,450,513	100.0	100.0	100.0	100.0	100.0	100.0	100.0
G0969HAA2	BLHV 2006-1A A1 REG-S BELLE HAVEN ABS CDO LTD	Mortgage	106,826,030	0.650	0.550	0.550	0.550	0.550	0.550	0.550
52519M205	LEHMAN BROS / FIRST TR INCOME OPPORTUNITY FD MONEY MKT PFD N/A 09/17/2008 @ 3.622	Equity	86,044,000	0.980	0.980	0.980	0.980	0.980	0.980	0.980
53957DAD5	LIMAA LRS NT 144A 3C7 LOCAL INSIGHT MEDIA FINANCE LL	Mortgage	76,033,997	0.842	0.720	0.720	0.720	0.720	0.720	0.720
254839J79	DISTRICT OF COLUMBIA 28 DAY SAVER	Money mkt	73,940,261	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3BCKFP70	LEHMAN MUN TR RCPTS VAR STS FLOATER TRS SER K34W REG D RELATED TO MASS ST R/MD 2.25 05/01/2037	Munibond	67,501,784	100.0	100.0	100.0	100.0	100.0	100.0	100.0
55352RAA6	MSHLC 2007-1 A MSDWCC HELOC TRUST	Mortgage	64,522,924	0.715	0.680	0.680	0.680	0.680	0.680	0.680
361856ER4	GMACM 2006-HE1 A GMAC MORTGAGE CORP LOAN TRUST	Mortgage	56,839,609	0.665	0.605	0.605	0.605	0.605	0.605	0.605

(continued on next page)

Contains Highly Confidential Information

Product	Product Name	Security Type	Gross Long Inventory (\$) 9/12/08	Clean Market Price							
				9/15/08	9/16/08	9/17/08	9/18/08	9/19/08	9/22/08	9/12/08	9/12/08
53957DAG8	LIMAA 2008-1A B LOCAL INSIGHT MEDIA FINANCE LL	Mortgage	56,516,854	0.480	0.400	0.400	0.400	0.400	0.400	0.400	0.400
52524PAG7	LXS 2007-6 3A1 LEHMAN XS TRUST	Mortgage	56,074,350	0.810	0.810	0.810	0.810	0.810	0.810	0.810	0.810
52524NAC1	LBFR 2007-LLFA A2 LEHMAN BROTHERS FLOATING RATE	Mortgage	53,090,844	0.883	0.883	0.883	0.883	0.883	0.883	0.883	0.883
3BCGXDD00	GIANTS STADIUM LLC AUC28	Money mkt	53,000,198	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
001383DN5	AIG MATCHED FUNDING CORP	Corp bond	50,047,569	0.996	0.996	0.996	0.996	0.996	0.996	0.996	0.996
373109BL0	GEORGETOWN UNIVERSITY SER B SAVRS	Money mkt	49,905,400	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
33321260	CINCINNATI GAS ELECT COMP PROJ	Money mkt	46,000,191	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3BBZYG50	LEHMAN MUN TR RCPTS VAR STS FLOATER TRS SER K41W REG D RELATED TO CALIF SUTTER HLTH R/M D 2.13 11/15/46	Munibond	43,160,000	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
058521AB1	BALLANTYNE 2006-1A A2A BALLANTYNE RE PLC	Mortgage	40,759,616	0.740	0.660	0.660	0.660	0.660	0.660	0.660	0.660
254839187	DISTRICT OF COLUMBIA	Money mkt	37,951,202	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
31474560	UNIVERSITY MED CHARLESTON B SAVRS	Money mkt	36,751,178	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
89147U209	TORTOISE ENERGY CAP CORP MONEY MKT PFD SER I N/A 10/06/2008 @ 4.976	Equity	36,432,000	0.990	0.990	0.990	0.990	0.990	0.990	0.990	0.990
53089250	NEKTAR THERAPEUTICS SUB NT R/M D 3.25 09/28/2012	Corp bond	34,757,538	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50
37295770	ABILENE TEX HEALTH FACILITY DEV CORP SER-B-SAVRS	Money mkt	32,700,341	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3BCZGJ40	LEHMAN MUN TR RCPTS VAR STS FLOATER-TR SER 2007-P123W RELTTO UNIVERSITY CALIF REGTS R/M D 2.60 05/15/43	Munibond	32,000,686	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
373109B15	GEORGETOWN UNIVERSITY SER A SAVRS	Money mkt	31,748,862	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
52521VAF9	LBSCB 2007-2 2A3 LEHMAN BROTHERS SMALL BALANCE	Mortgage	31,344,000	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750
31397MRZ2	FNR 2008-76 GF FANNIE MAE	Mortgage	30,108,083	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002

(continued on next page)

Contains Highly Confidential Information

Product	Product Name	Security Type	Gross Long Inventory (\$) 9/12/08	Clean Market Price							
				9/15/08	9/12/08	9/15/08	9/12/08	9/15/08	9/12/08	9/15/08	9/12/08
3BDPGK70	IDAHO HSG & FIN ASSN SINGLE VAR RATE BONDS 08 SER B-1(AMT)	Munibond	30,000,213	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
964041AE7	WHITE MARLIN CDO LTD FRN 20140922 SERIES# 1A 144A	Mortgage	28,121,866	0.800	0.800	0.800	0.800	0.800	0.800	0.800	0.800
37011850	ILLINOIS HEALTH FACILITIES ROCKFORD 94-SAVRS	Money mkt	27,650,809	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
36155780	UNIVERSITY MED & DENTISTRY NJ	Money mkt	27,251,559	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
31474590	UNIVERSITY MED CHARLESTON A SAVRS	Money mkt	26,851,178	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
31103150	CHATTANOOGA TN	Money mkt	24,900,181	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
486606205	KAYNE ANDERSON MLP INVT CO AUCTION RATE PFD SECS SER D N/A 09/18/2008 @ 4.688	Equity	23,862,000	0.970	0.970	0.970	0.970	0.970	0.970	0.970	0.970
34483850	NY INSTITUTE OF TECHNOLOGY	Money mkt	23,551,347	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3BCXDS20	LEHMAN MUN TR RCPTS VAR FLT TR SER 2008-F100W RELATED TO MONTANA ST HEALTH FAC AUTH FACR/MD 3.20 08/01/2014	Munibond	22,375,574	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
36242DJW4	GSMPS 2004-4 2A1 GSMPS MORTGAGE LOAN TRUST	Mortgage	22,276,710	0.920	0.920	0.920	0.920	0.920	0.920	0.920	0.920
3BCWHR00	LEHMAN MUN TR RCPTS VARIOUS FLT-TR SER 2008-P13W REL TO LOUISIANA PUB FACS AUTH REV R/MD 2.45 05/15/2027	Munibond	21,775,000	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
52524NAE7	LBFR 2007-LLFA A3 LEHMAN BROTHERS FLOATING RATE	Mortgage	21,171,924	0.838	0.838	0.838	0.838	0.838	0.838	0.838	0.838
29016160	ILLINOIS COLLEGE OF OPTOMETRY SAVRS	Money mkt	21,050,540	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
76117LAC7	RLT 2008-AH2 M2 RESIDENTIAL LOAN TRUST	Mortgage	21,021,114	0.953	0.953	0.953	0.953	0.953	0.953	0.953	0.953
37114230	CAPITAL TR AGY FLA MULTIFAMILYFLTGT RATE TR RCPTS-F 7 REG D R/MD 3.20 11/01/2036	Munibond	20,655,838	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3BBZYG40	LEHMAN MUN TR RCPTS VAR STS RI TRS SER K41W 144A RELATED TO CALIF SUTTER HLTH R/MD 10.85 11/15/2046	Munibond	20,551,510	95.21	95.21	95.21	95.21	95.21	95.21	95.21	95.21
3BCZFX40	LEHMAN MUN TR RCPTS VARIOUS STELOATER-TR SER 2007-K90W RELATTO ST JOSEPH CNTY IND HOSP AUTR/MD 3.47 08/15/2046	Munibond	20,250,582	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
61532XBN5	MONUMENTAL GLOBAL FUNDING III	Corpbond	20,090,294	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
31397MRV1	FNR 2008-76 EF FANNIE MAE	Mortgage	20,032,889	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
32028GAE5	FFML 2006-FF15 A5 FIRST FRANKLIN MORTGAGE LOAN A	Mortgage	20,003,734	0.570	0.570	0.570	0.570	0.570	0.570	0.570	0.570

Contains Highly Confidential Information

EXHIBIT 6

COMPARISON OF INDICATED VALUES USING CUSTODIAL MARKS TO INDICATED VALUES USING BARCLAYS MARKS
FOR SELECTED INDIVIDUAL POSITIONS AND GROUPS OF SIMILAR POSITIONS

Asset or Asset Type	Number of CUSIPs	Indicated Value at Custodial Marks (\$ million)	Indicated Value at Barclays Exit Price Marks (\$ million)	Difference (%)
Agency Pools (FHLMC 30 yr)	297	1,719.4	1,674.5	-2.6
Agency CMO (Interest Only)	240	876.7	549.9	-37.3
Agency CMO (Inverse Interest Only)	109	319.3	146.6	-54.1
FHA (SASC 07-3 2A2)	1	20.2	18.2	-10.0
Agency (SASC 07-3 1A2)	1	34.3	30.9	-10.0
Agencies - Tennessee Valley Authority	11	1,046.5	959.8	-8.3
Treasuries - UDS Ust Note	8	4,454.1	4,363.9	-2.0
Agencies - USD FNMA	88	1,921.3	1,784.7	-7.1
Agencies - USD FHLB	113	2,107.6	1,989.4	-5.6
Munis - USD DISGEN	6	60.3	51.5	-14.6
US Non-Agency CMO (SARM Loan Trust)	125	237.7	80.2	-66.2
US ABS Home Equity - Lehman XS Trust	67	171.1	86.9	-49.2
US Non-Agency CMO - Lehman XS Trust	125	178.4	82.6	-53.7
CLO Mezz (Pine CCS)	1	915.0	428.6	-53.2

Contains Highly Confidential Information

EXHIBIT 7

UPDATED TRANSACTION BALANCE SHEET (ASSETS ONLY) BASED ON "LBIBS_917_V_WITH ADJUSTMENT.XLS"

Lehman Brothers, Inc. Balance Sheet as of September 17, 2008 (\$ in millions)	(A) 8/31/2008	(B) 9/17/2008	(C) Adjustments	(D) Balance Sheet Transferred	(E) Balance Sheet Remaining	(F) Purchase Agreement
ASSETS						
Cash & Cash Equivalents	\$ 268	\$ 412	\$ -	\$ 412	\$ -	\$ 700
Cash & Securities Segregated and on Deposit	8,550	4,740	-	-	4,740	-
Governments & Agencies	30,225	37,214	-	37,214	-	40,000
Total Commercial Paper & Other MMkt Instruments	1,158	958	-	958	-	1,100
Mortgages and Asset-Backed Securities	6,499	5,972	-	2,986	2,986	2,700
Total Corporate Debt & Other	5,422	4,839	-	4,839	-	4,900
Total Corporate Equities	9,256	6,758	-	6,758	-	8,800
Derivatives & Other Contract Agreements	<u>2,758</u>	<u>3,566</u>	-	<u>3,566</u>	-	<u>4,500</u>
Total Securities & Other Financial Instruments Owned	55,318	59,307	-	56,321	2,986	62,000
Collateralized Short-Term Agreements	155,876	30,337	-	30,337	-	10,000
Receivables and Other Assets	14,746	30,237	-	76	30,161	-
Investments in Consolidated Subsidiaries	1,924	1,592	-	-	1,592	-
Due from Subsidiaries	<u>65,634</u>	<u>56,176</u>	<u>1,383</u>	-	<u>57,559</u>	-
TOTAL ASSETS	\$ 302,316	\$ 182,802	\$ 1,383	\$ 87,146	\$ 97,039	\$ 72,700

Contains Highly Confidential Information

EXHIBIT 8

SUMMARY OF BANK ACQUISITIONS THAT RESULTED IN NEGATIVE GOODWILL

Date of Acquisition	09/25/2008	12/31/2008	01/16/2009	01/30/2009	02/06/2009	03/16/2008	10/06/2008
Acquirer	JPMorgan	PNC Bank ^{/2}	Lloyds Banking Group ^{/3}	Community Bankers Trust	WestAmerica	JPMorgan ^{/6}	BNP Paribas ^{/7}
Target	WaMu	National City	HBOS	Suburban Federal Savings ^{/4}	County Bank ^{/5}	Bear Stearns	Fortis
	(\$ millions)	(\$ millions)	(£ millions)	(\$ millions)	(\$ millions)	(\$ millions)	(€ millions)
Total Purchase Price	1,938	6,133	7,787	-	-	1,373	14,500
Book Value of Target's Net Assets	30,916	10,536	22,936	45	59	11,352	-
Adjustments	(20,343)	(4,403)	(3,976)	(24)	(10)	(1,008)	-
Fair Value of Net Assets Acquired	10,573	6,133	18,960	21	49	10,344	15,315
Negative Goodwill: ^{/1}							
Total	(8,635)	-	(11,173)	(21)	(49)	(8,971)	(815)
Allocated to Non-financial Assets	8,054	-	-	-	-	605	-
Remaining from the Transaction	(581)	-	(11,173)	(21)	(49)	(8,366)	(815)

Notes:

- /1 Accounting for acquisitions is governed by SFAS 141. In accordance with SFAS 141, "negative goodwill" is created when the fair value of the net assets acquired exceeds the purchase price. As prescribed by SFAS 141, nonfinancial assets acquired that are not held-for-sale are written down against that negative goodwill. The negative goodwill that remains after writing down nonfinancial assets is recognized as an extraordinary gain.
- /2 PNC first reported this transaction in its 2008 10-K filing. Since the transaction occurred on Dec. 31, 2008, it had no effect on the annual financial statements. However, at the time initially reported, PNC's disclosures revealed that the adjustments to the assets to reflect fair value totaled \$3,066 million, which initially resulted in negative goodwill of \$1,337 million. In its 10-Q filing, PNC disclosed that new information on the purchased assets and liabilities revealed the need for additional adjustments to reflect fair value. These adjustments totaled \$1,337 million, so PNC did not report any negative goodwill on this transaction.
- /3 Amounts in millions of British pounds sterling. "Adjustments" include £(3,917) for preferred shares and £(1,300) million for minority interests.
- /4 Purchased from the FDIC acting as the Receiver of the Target bank. The Community Bankers Trust ("CBT") 10-Q form of May 11, 2009 does not provide the BV of the target's net assets. Bank of Essex, a wholly owned subsidiary of CBT, bid *negative* \$45 million for the assets and liabilities assumed. For consistency in the table, this is presented as a *positive* \$45 million book value. The \$23.74 million adjustments to reflect FV of net assets acquired are presented as a reduction of the BV of the target's net assets, in order to conform with the disclosures in the CBT 10-Q filing (at pp. 2, 14-15).
- /5 Purchased from the FDIC acting as the Receiver of the Target bank.
- /6 Figures are according to the JPMorgan 8-K filing of April 16, 2008. In subsequent SEC filings, JPMorgan made adjustments to its original disclosure regarding the Bear Stearns transaction. In its 10-Q for the quarter ended June 30, 2009, JPMorgan adjusted the Total Purchase Price and Fair Value of net assets acquired to \$1,496 and \$611 million, respectively. As a result of these adjustments, JPMorgan recognized goodwill of \$885 million instead of negative goodwill of \$8,366 million as originally disclosed. The table presents transaction information as originally disclosed. The acquisition was apparently amended on March 24, 2008.
- /7 Amounts in millions of Euros.